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Enhancing Accountability

REPORT

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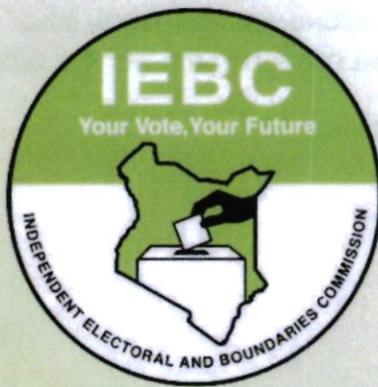
THE AUDITOR-GENERAL

ON

**INDEPENDENT ELECTORAL AND
BOUNDARIES COMMISSION**

**FOR THE YEAR ENDED
30 JUNE, 2023**





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INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2023

**Prepared in accordance with the Accrual Basis of Accounting method under the
International Public Sector Accounting Standards (IPSAS)**

 | @IEBCKenya



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1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

A. Acronyms and Abbreviations

AIA:	Appropriation in Aid
ASK:	Agricultural Society of Kenya
BROP:	Boundaries Review Operations Plan
COB:	Controller of Budget
CSR:	Corporate Social Responsibility
DRC:	Dispute Resolution Committee
EACC:	Ethics and Anti-Corruption Commission
ECK:	Electoral Commission of Kenya
ELGIA:	Electoral Law and Governance Institute of Africa
EMBs:	Election Management Bodies
EOP:	Election Operation Plan
ERMF:	Election Results Management Framework
ESAP:	Electoral Security Arrangement Program
IFES:	International Foundation for Electoral Systems
IFMIS:	Integrated Financial Management Information System
IPOA:	Independent Policing Oversight Authority
IPSAS:	International Public Sector Accounting Standards
KCB:	Kenya Commercial Bank
KIEMS:	Kenya Integrated Elections Management System
LSK:	Law Society Kenya
MNA:	Member of National Assembly
MTEF:	Medium Term Expenditure Framework
PAC:	Parliamentary Accounts Committee
PFMA:	Public Finance Management Act
PPADA:	Public Procurement and Disposal Act
PSASB:	Public Sector Accounting Standards Board

B. Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior financial year i.e 2021/2022 financial year.

2. KEY COMMISSION INFORMATION AND MANAGEMENT

(a) Background information

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya.

The IEBC Act provides that the funds of the Commission are to be held in a fund known as the Independent Electoral and Boundaries Commission Fund. The IEBC fund has not been operationalized.

The Independent Electoral and Boundaries Commission is domiciled in Kenya and has branch offices in all the 47 counties and 290 constituencies. The Chairperson of Commission leads a team of Commissioners who are in charge of Policy, Oversight and Strategy. The Commission Secretary, who is also the Chief Executive Officer, leads the secretariat.

The Commission has the following directorates headed by the directors:

- Finance,
- Human Resources and Administration,
- Voter Education, Partnerships and Communication,
- Research, Electoral Boundaries and Risk Management,
- Information and Communication Technology,
- Voter Registration and Elections Operations,
- Legal Services,
- Internal Audit and Compliance and
- Supply Chain Management.

The Commission is required to prepare and submit its annual financial statements to the Auditor General by 30th September every year and a copy to the Controller of Budget, the National Treasury and the Commission of Revenue Allocation as stipulated in Section 81 of the Public Finance Management Act, 2012.

(b) Principal Activities

Article 88 and IEBC Act 2011 enumerate the mandate of the Commission to include:-

- Conducting elections to any elective body or office established by the constitution;
- Conduct any other elections as prescribed by an Act of Parliament;
- Conducting or supervising referenda;
- Continuous registration of voters;
- Revision of the voter's roll;
- Delimitation of constituencies and wards boundaries;
- Regulation of political parties process;
- Development of a code of conduct for candidates and parties and
- Monitoring of compliance with legislation on nomination of candidates by parties.

Key Commission Information and Management (continued)

(c) Key Governance Organs

The Commission's day-to-day management is under the following key organs:

- Plenary
- Commission Committees.
- Accounting Officer/CEO.
- Finance and Supply Chain Management Committee.
- Audit and Risk Committee.
- Human Resources, Training and Administration Committee.
- Legal, Compliance and Political Party Liaison Committee.
- Information and Communication Technology Committee.
- Election Operations, Research and Boundaries Delimitation Committee.
- Voter Education, Partnerships and Stakeholders Engagement Committee.
- Management Committees.
- Budget Implementation Committee.

(d) Fiduciary Management

The key management personnel who held office (AIE holders) during the year ended 30th June, 2023 and had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commission Secretary/CEO.	CPA Marjan H. Marjan, MBS.
2.	Deputy Commission Secretary –Support Services.	CPA Obadiah K. Keitany.
3.	Deputy Commission Secretary – Operations.	Ruth Kulundu.
4.	Director Finance.	CPA Osman H. Ibrahim, HSC, OGW.
5.	Director Human Resources & Administration.	Lorna A. Onyango.
6.	Ag. Director Voter Education, Partnerships & Communication.	Jacktone Nyonje.
7.	Ag. Director Research, Electoral Boundaries & Risk Management.	Dr. Meshack L. Korir, PhD.
8.	Director Information & Communication Technology.	Michael Ouma, HSC.
9.	Director Voter Registration & Elections Operations.	Moses Sunkuli.
10.	Director Legal Services.	Chispine Owiye, OGW.
11.	Ag. Director Internal Audit & Compliance.	CPA Reuben K. Chirchir.
12.	Director Supply Chain Management.	Dr. Harley K. Mutisya, PhD.

(e) Fiduciary Oversight Arrangements

i) Finance and Supply Chain Management Committee activities

The Commission has in place a Finance and Supply Chain Management Committee consisting of at least three Commissioners. The Committee has an oversight role over all finance and procurement matters. The Committee meets at least once a month.

Key Commission Information and Management (continued)

ii) Audit & Risk Committee activities

The Commission has in place an independent Audit Committee that is chaired by a non-executive member.

The Audit Committee oversees the internal audit activity charged with the responsibility of continuous review and providing assurance on effectiveness of the Commission's Governance, Risk and Control. The composition of the audit and risk committee during the period under review was as shown below:

No.	Designation	Name of the Audit & Risk Committee Member
1.	Chairperson (Non –executive).	FCPA Edwin Makori
2.	Member (Non –executive).	Stephen Mwaura
3.	Member, Representing National Treasury.	CPA Kyendwa Mitau
4.	Member (Non –executive).	CPA Isabel Juma
5.	Member	Prof. Abdi Guliye

iii) Parliamentary Accounts Committee (PAC) activities

The Commission, in response to PAC invitation, explains any unresolved audit issues raised by the Auditor General. The Commission has received PAC recommendations up to 2020/2021 FY which are currently being implemented.

iv) Budget and Appropriation Committee

The Committee oversees the Commission on all matters related to coordination, control and monitoring of the of the budget proposals. It also discuss and reviews the estimates and make recommendations to the House for funding.

v) External/Statutory Audit Activities

The Commission is annually subjected to audit by the Office of the Auditor General as required by law. Office of the Auditor General undertakes; Continuous, Systems/Compliance and Annual audits on the Commission finances and operation activities.

In special circumstances, Office of the Auditor General conduct Special Audits.

vi) Budgetary Control Activities

The Office of Controller of Budget (COB) of Kenya is an independent office established to oversee implementation of the budgets of the National and County Governments by authorizing withdrawal from public funds.

The Commission files the required quarterly and annual budget implementation reports to the Officer of the Controller of Budget. Further, the Commission has put in place a standing committee on Budget Implementation which advises the Commission on budgetary matters.

The Commission is committed to compliance with the law, openness, accountability and prudence in the management of the finances, collaborates with the relevant statutory oversight institutions and continues to undertake internal financial reviews whose outcome enables the Commission to strengthen its operational and financial systems.

Key Commission Information and Management (continued)

(f) Commission Headquarters

The Independent Electoral and Boundaries Commission
Anniversary Towers, 6th Floor,
P.O Box 45371-00100,
Nairobi, Kenya

(g) Commission Contacts

Telephone: +254 20 - 2877000 / +254 20 -2769000

Email: info@iebc.or.ke

Website: <https://www.iebc.or.ke>

(h) Commission Bankers

1. Central Bank of Kenya
Haille Sellasie Avenue
P.O. Box 60000-00200
Nairobi, Kenya

2. Kenya Commercial Bank Ltd.
University Way Branch
P.O. Box 4012-00300,
Nairobi, Kenya

3. Cooperative Bank of Kenya Ltd
University Way Branch
P.O. Box 48231-00100,
Nairobi, Kenya

4. Housing Finance Company Bank Ltd
P.O. Box 30088-00100,
Nairobi, Kenya

(i) Commission Auditors

The Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100,
Nairobi, Kenya

(j) Principal Legal Advisor

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200,
Nairobi, Kenya

3. THE IEBC COMMISSION

The following are the Chairperson and Commissioners who were in office during the period under review:



Chairperson: Mr. Wafula W. Chebukati, EGH

Appointment: 18th January, 2017

Exit: 17th January, 2023

Key Qualifications:

- Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Law Degree from the University of Nairobi.
- Post Graduate Diploma from the Kenya School of Law.
- Advocate of the High Court of Kenya.

Experience:

- Over 32 years' experience in legal practice specializing in litigation and dispute resolution, conveyancing, labour laws, company mergers and acquisitions, Maritime and treaties.
- Worked on a full-time basis as a chairperson of the Commission.
- He Chaired the Dispute Resolution Committee and the Electoral Code of Conduct Committee.



Vice Chairperson: Ms. Juliana Whonge Cherera

Appointment: 2nd September, 2021

Resignation Date: 5th December, 2022

Key Qualifications:

- Master of Education, Leadership and Educational Management from Kenya Methodist University.
- Bachelor of Education (Arts). Honours from Kenyatta University.
- Dip. Project Management; KIM.
- Dip. Early Childhood Development Education (ECDE); KNEC.
- Strategic Leadership and Development Program; KSG.
- Senior Management Course (SMC); KSG.

Experience:

- Ms Cherera Has over 18 years' experience in Education and Management in the public sector.
- Before her appointment to the Commission, she worked as Chief Officer Executive in the Strategic Delivery Unit of the Mombasa County Government.
- Member of Mombasa County Emergency Household Relief and Nutrition Support Project Coordination Committee.
- Secretary to the Mombasa County Economic Recovery and Legacy Strategy.
- Member of Kenya Devolution Support Program Committee.
- Worked on a full-time basis as a vice chairperson of the Commission.
- She Chaired the Voter Education, Partnerships and Stakeholders Engagement Committee.



Commissioner: Francis M. Wanderi

Appointment: 2nd September, 2021

Resignation Date: 8th December, 2022

Key Qualifications:

- Master of Science in Management (MSc. Mgmt.); from Arthur D. Little Management Institute at Boston, USA.
- Bachelor of Education; UoN.
- Transformative Leadership and Change Management.
- Corporate Governance Course by Commonwealth Association for Corporate Governance.

Experience:

- Over 32 years in senior management within public and private institutions characterized by integrity and a high performance, and with a proven record of accomplishment in development and execution of strategy, people and change management and, leadership and innovation toward realization of organizational objectives and visions.
- Mr. Francis M. Wanderi is a former Chairperson of EPZ and director Roots Credit Ltd.
- He Chaired Finance and Supply Chain Management Committee.



Commissioner: Irene Cherop Masit

Appointment: 2nd September, 2021

Termination: 1st March, 2023

Key Qualifications:

- Master's degree in Strategic Human Resource Management from the University of Manchester, UK.
- Bachelor of Law degree - University of Nairobi.
- Bachelor of Arts degree in Social work -University of Nairobi.
- Post Graduate Dip from Kenya School of Law.
- Member of International Certified Addiction Professional (ICAP I-Treatment; Colombo Plan Global Centre for Credentialing and Certification).
- Member of Institute of Internal Auditors (IIA).
- Advocate of the High Court of Kenya.

Experience:

- Ms. Irene Masit has over 25 years work experience and knowledge in Government and Non – Governmental Organizations.
- Board member, National Government Constituency Development Fund (NGCDF-BOARD);
- Former Commissioner - Interim Independent Boundaries Review Commission (I.I.B.R.C);
- Deputy Secretary - Constitution of Kenya Review Commission (C.K.R.C);
- Programmes Operations Manager -NGO Co-ordination Board;
- Chaired the Legal, Compliance and Political Party Liaison Committee and the Leadership and Integrity Committee.



Commissioner: Prof. Abdi Yakub Guliye, EBS

Appointment: 18th January, 2017

Exit: 17th January, 2023

Key Qualifications:

- PhD in Animal Nutrition from Rowett Research Institute/ University of Aberdeen, Scotland, UK.
- Master of Science in Animal Production from University of Aberdeen, Scotland, UK.
- Bachelor of Science in Animal Production from Egerton University.

Experience:

- Prof. Guliye has over 28 years of university teaching experience, of which in the last 7 years he had additional administrative/ managerial roles. He also served in various Boards of Institutions/Organizations, having chaired committees such as Audit and Risk Management as well as Finance.
- Chaired the Election Operations, Research and Boundary Delimitation Committee.



Commissioner: Mr. Justus Nyang'aya

Appointment: 2nd September, 2021

Resignation Date: 8th December, 2022

Key Qualifications:

- Master of Arts (M.A) Education from the Institute of Education, University of London (IOE), UK.
- Diploma in Leadership, Governance, Peace and Conflict Transformation from the United Nations' University -International Leadership Academy in Jordan - Amman.
- He studied educational science in Kenya and Great Britain.

Experience:

- Mr. Nyang'aya has over 32 years of experience in Strategic Leadership, Governance and Social Accountability Organizations.
- He was director of Lead Africa, an organisation working for the Qualification of African Managers.
- Former Country Director, Amnesty International Kenya. Amnesty Kenya's work concentrates on the prevention of forced evictions, the protection of housing rights and women's rights.
- He also worked for the Netherlands Development Organisation as well as UNESCO.
- Chaired the Information and Communication Technology Committee.



Commissioner: Mr. Boya Molu, EBS

Appointment: 18th January, 2017

Exit: 17th January, 2023

Key Qualifications:

- Master's in Business Administration (HR Management Option), Periyar University, India.
- Bachelor of Business Administration from Karnatak University, India.
- Higher National Diploma in Human Resources Management (KNEC), IHRM Kenya.

Experience:

- Has over 16 years' experience in Human Resource Management and administration mainly in the public sector.
- Prior to joining the Commission, Mr. Molu served in various capacities at the Central Bank of Kenya (CBK) and the Judiciary in Human Resource and Administration Directorate.
- Also served as a council member of the Institute of Human Resources Management (IHRM) Kenya.
- Chaired the Human Resource, Administration and Training Committee.



CPA Marjan H. Marjan, MBS

Commission Secretary /CEO

Secretary to the Commission

Profession/Qualifications:

- MBA in Strategic Management - University of Nairobi (UoN);
- BCom (Accounting Option) - (UoN);
- Certified Public Accountant (CPA-K);
- Certified Information Systems Auditor (CISA);
- Certified Internal Auditor (CIA);
- Certification in Control Self-Assessment (CCSA);
- Certified Quality Assessor (CQA);
- Practicing Member of ICPAK in good standing;
- Member of Information Systems Audit & Control Association (ISACA);
- Member of Institute Internal Auditor (IIA).

4. KEY MANAGEMENT TEAM



CPA Marjan H. Marjan, MBS

CEO/Commission Secretary

Profession/Qualifications:

- MBA in Strategic Management - University of Nairobi (UoN);
- BCom (Accounting Option) - (UoN);
- Certified Public Accountant (CPA-K);
- Certified Information Systems Auditor (CISA);
- Certified Internal Auditor (CIA);
- Certification in Control Self-Assessment (CCSA);
- Certified Quality Assessor (CQA);
- Practicing Member of ICPAK in good standing;
- Member of Information Systems Audit & Control Association (ISACA);
- Member of Institute Internal Auditor (IIA).



CPA Obadiah K. Keitany

Deputy CEO/ Deputy Commission Secretary – Support Services

Profession/Qualifications:

- MBA Finance – University of Nairobi (UoN);
- BCom Insurance (UoN);
- Certified Public Accountant (CPA-K);
- Certified Internal Auditor (CIA);
- Certified Information Systems Auditor (CISA);
- Certified Public Secretary (CPS-K);
- Certified Quality Assessor (CQA);
- Post Graduate Diploma in Corporate Governance (KCA);
- Member of ICPAK in good standing;
- Member of Information Systems Audit & Control Association (ISACA);
- Member of Institute of Internal Auditors (IIA);
- Member of Institute of Certified Secretaries of Kenya.



Ruth Kulundu

Deputy CEO/Deputy Commission Secretary - Operations

Profession/Qualifications:

- MBA –Strategic Management - (UON);
- Bachelor of Commerce BCOM - (UoN);
- Associate of Chartered Insurance Institute - ACII (London);
- Associate of Chartered Insurance Institute - AIK (Kenya);
- Associate of Chartered Institute of Arbitrators (Kenya Chapter).



CPA Osman H. Ibrahim, HSC, OGW

Director Finance

Profession/Qualifications:

- Master's in business administration in Finance (MBA);
- Bachelor of Commerce from the University of Nairobi;
- Certified Public Accountant (CPA-K);
- Member of ICPAK in good standing;
- Member of IIA –Kenya in good standing;



Chrispine Owiye, OGW

Director Legal Services.

Profession/Qualifications:

- Master of Law in Law Governance and Democracy -University of Nairobi;
- Bachelor of Law degree (LLB) – Moi University;
- Post Graduate Diploma in Legal Education (Kenya School of Law);
- Certificate in Prosecution (CID Training School);
- Advocate of the High Court of Kenya;
- Member of the Law Society of Kenya;
- Commissioner for Oaths and Notaries Public;
- Member of the International Commission of Jurists;
- Member of the International Police Association;



Dr. Meshack Korir, PhD

Ag. Director Research, Electoral Boundaries & Risk Management

Profession/Qualifications:

- PhD in History, Kenyatta University;
- MA in International Relations, USIU Kenya;
- Bachelor of Arts in Sociology, UON;
- Member of America Evaluation Association(AEA);
- Member of Africa Evaluation Association(AfREA);
- Member of International Research Association of Talent Development(IRATDE);
- Member of Evaluation Society of Kenya(ESK);
- Certificate in Strategic Management and Leadership;



Moses Sunkuli.

Director Voter Registration and Electoral Operations

Profession/Qualifications Profession/Qualifications:

- MBA, Strategic Management-Kenyatta University;
- Bachelor of education, Arts –Moi University;
- Diploma in Business Management- Kenya Institute of Management;
- Certificate, Management of Democratic Elections in Africa - UNISA;
- Strategic Leadership Management Course - Kenya School of Government;
- Member (KIM) Kenya Institute of Management.



Jacktone Nyonje

Ag. Director Voter Education, Partnerships & Communication

Profession/Qualifications:

- Master of Arts – Project Planning & Management -UoN;
- Master of Arts in Swahili Studies -UoN;
- Bachelor of Education, Arts – University of Nairobi.



Dr. Harley Kisyula Mutisya, PhD

Director Supply Chain Management

Profession/Qualifications:

- PHD in Business Administration (UoN);
- MBA in Procurement & Supply Chain Management (UoN);
- BCOM in Supply Chain Management (UoN);
- Diploma in Logistical Management from Cerford Institute;
- Certified Procurement and Supply Professional (CPSP-K);
- Chartered Associate (ACI Arb);
- Member Kenya Institute of Supplies Management (KISM);
- Fellow Logistics Society of Kenya;
- Member Chartered Institute of Procurement and Supply (UK);



Michael Ouma, HSC

Director ICT

Profession/Qualifications:

- MBA, Strategic Management (UoN)
- B.Tech-Electrical & Communications Engineering–Moi University;
- Professional Scrum Master I, Scrum.org;
- Member of Information Systems Audit & Control Association (ISACA);
- Member, Kenya Institute of Management;
- Fellow, Computer Society of Kenya;



CPA Reuben Chirchir

Ag. Director Audit & Compliance

Profession/Qualifications:

- Master's in Business Administration in Finance (MBA)- USIU;
- Bachelor of Arts, BA(Hons), Economics - University of Nairobi;
- Certified Public Accountant (CPA-K);
- Member of ICPAK in good standing;
- Member of IIA – Kenya in good standing;



Lorna A. Onyango

Director Human Resource & Administration

Profession/Qualifications:

- Master of Business Administration (HRM);
- Post Graduate Diploma;
- Bachelor of Arts (Sociology) (UoN);
- Certificate, Human Resource Audit;
- Certificate, Payroll Management;
- Member, Institute of Human Resource Management (IHRM);

5. CHAIRPERSON'S STATEMENT

6. REPORT OF THE SECRETARY/CHIEF EXECUTIVE OFFICER

The Independent Electoral and Boundaries Commission, hereby, submits its Annual report and financial statements for the period between 1st July 2022 and 30th June, 2023. During the period under review, the Commission was allocated Kshs. 20.638 billion. The Commission received exchequers amounting Kshs.19.000 billion and realized Appropriation in Aid amounting to Kshs. 8.322 million from sale of electoral maps, disposal of boarded items, candidate registration fees, interest on deposits and sale of voter register copies to various political parties and candidates.

The Annual Financial Statements comprise of the Statement of the Financial Performance, Statement of the Financial Position, Statement of Changes in Net Assets, Statement of Cash Flows and Statement of Comparison of Budget and Actual amounts. The Commission has continued to ensure probity and prudence in the management of its resources in accordance with the provisions of the Public Finance Management Act (PFM), 2012 and the attendant regulations. The Financial Statements of the Commission are also prepared in conformity with the International Public Sector Accounting Standards (IPSAS) on prudent financial management and reporting.

Legally, the mandate of the Commission is derived from Article 88 of the Constitution of Kenya, 2010 and statutory instruments that include; the IEBC Act, 2011, the Elections Act, 2011 and the attendant election regulations. The Commission is responsible for enforcing the Electoral Code of Conduct and monitoring compliance relating to the nomination of candidates by parties. It also conducts investigation of electoral malpractices in Kenya.

More so, the Mission of the Commission is to conduct transparent, efficient, and impartial elections; and undertake boundary delimitation for equitable representation and sustainable democracy. This is reflected in the conduct of the elections and the election related activities in a manner that consistently delivers the desired results. During the reporting period, the Commission successfully conducted the general election realising 65% voter turnout after 14,306,975 citizens turned out successfully to vote in 1882 candidates for various elective positions. Further, the Commission successfully conducted ten (10) by-elections.

The Commission realised a drastic reduction in petitions to 133 election petitions during the 2022 general as compared to 304 petitions filed during the 2017 elections. The party list petitions also reduced significantly to 100 as compared to 158 during the 2017 general elections. This is a testimony of improved efficiency in the conduct of election.

The Commission has further embarked on the Boundaries review in line with Section 89 of the constitution. However, the process has been hampered by delayed constitution of the Commission. This is likely to affect the timeline for the boundaries review statutorily expected to be concluded by 5th March, 2024.

It is prudent to also note that public trust and participation are key pillars in the Commission's strategic direction aimed at instilling confidence and trust in the electoral processes among citizens. In cognizance of this, the Commission has continued to work very closely with various electoral stakeholders to ensure transparency and inclusivity in the electoral process.

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

During the reporting period, the Commission accredited had 15,157 as long-term observers for the elections in addition to 120,731 short-term observers accredited during the 2022 General Election.

As regards risks management and assurance, the Commission recognizes that the two are important corporate governance pillars. To this end, the Commission has embedded a robust risk management framework in all its operations and functions. Furthermore, the Commission has put in place continuous risks assessment and mitigation strategies to enhance internal controls and compliance. The Commission has also undertaken enterprise wide risks management trainings, established a Risks Register and continuous review of the Commission's processes and operations.

Finally, I wish to sincerely appreciate the Commission Chairperson, Commissioners and members of staff for their relentless dedication and commitment in the realization of the Commission's set-out goals and objectives. I am also obliged to all partners and stakeholders for their immense support towards the fulfilment of the Commission's mandate as enshrined in the Constitution of Kenya, 2010. Indeed, building a better electoral body demands concerted efforts from both the internal and external actors. I request everyone to carefully read and analyse these statements and provide invaluable feedbacks to gear the Commission forward.


CPA Marjan Hussein Marjan, MBS
Commission Secretary/CEO

7. STATEMENT OF PERFORMANCE AGAINST OBJECTIVES

Section 81 Sub-section 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

IEBC has strategic pillars /or Strategic Focus Areas and objectives within its Strategic Plan for the FY 2019/2020- 2023/2024.

These strategic pillars /Strategic Focus Areas are as follows:

1. Strengthening Corporate Governance;
2. Strengthening the Legal Framework;
3. Effective Conduct of Elections;
4. Public Outreach;
5. Equitable Representation; and
6. Strengthening Strategic Operations;

The Commission develops annual work plans based on the above Strategic Focus Areas. Assessment of the Commission's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for its 2020-2024 strategic pillars cum strategic Focus Areas, as indicated in the table below:

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
1. Strengthening Corporate Governance	To strengthen corporate governance in the Commission	A risk-based Annual Internal Audit Plan developed and implemented.	-Development of annual audit plan.	1
			-Continuous audit reviews.	4
		Quarterly progress reports on risk management Developed.	Quarterly Risk review plans Desktop reviews.	4
		Number of risk assessment and monitoring reports.	Continuous assessment and review.	9
		Number of updates to the risk register.		3
		Number of staff trained in enterprise wide	Conference, Resource persons.	56

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
		risk management.		
	Enhance Resource mobilization.	% of funds mobilized.	MTEF budget Supplementary budget	100%
	Enhance accountability, fairness, transparency.	Number of policies in Place.	Meetings, workshops,	Eight (8) policy manuals.
	Improve efficiency and compliance.	Number of systems engineered.	System development, training, conferences, testing and implementation.	3 Systems developed - Budget Management System, Inventory management, Payroll Management System.
2 Strengthening the Legal Framework.	Strengthen Electoral, Legal framework and Enforcement.	All Electoral Laws reviewed and harmonized by August. The percentage reduction in reported cases of electoral offences by Political Parties, Candidates and other Stakeholders.	Workshops Public participation JLAC for consultation on the Commission's proposals. Stakeholder engagement with IEBC External Counsel.	-133 election petitions filed during 2022 GE compared to 303 election petitions filed in during 2017 GE. -87 party list petitions filed compared to 128 filed during the 2017 GE -of the above, 114 election petitions of the 124 were dismissed and 10 allowed reflecting a success rate of 91.2%. - 65 of 87 party list cases dismissed reflecting 76.5% success rate.
	Enhance compliance in electoral processes.	Number of election disputes heard and determined.	Staff, tribunal, advocates.	No disputes to hear.
3. Effective Conduct of Elections.	Elections operations implemented for enhanced voter	Conduct all by-elections within the statutory timelines.	• Sourcing of election materials.	The Commission conducted; 1) General Election on 9 th August, 2022-14,306,975 voters turned out to vote.

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
	experience.		<ul style="list-style-type: none"> • Training of Election officials. • Nominations. • Polling. • Tallying. • Declaration of results. 	<p>-1882 elective positions filled.</p> <p>2) 10 By-elections conducted:</p> <ul style="list-style-type: none"> • 2 Senatorial. • 2 MNAs. • 6 MCAs.
	To update and maintain an accurate and comprehensive Register of Voters.	Number of eligible voters registered.	<ul style="list-style-type: none"> • Continuous voter registration. • Continuous cleaning of register. • Training, audit of the register of voters. 	<ul style="list-style-type: none"> • 22,120,458 citizens in the register of voters including 10,443 Registered Kenyan in the diaspora.
4. Public Outreach.	To enhance participation of citizens in electoral processes.	Percentage of Kenyans directly or indirectly reached with voter education information.	<ul style="list-style-type: none"> • Continuous voter education. • Review Workshops and for an advertisements. National election conference. 	<ul style="list-style-type: none"> • 65% voter turnout during the general election. • 12.29% during 8th Dec 2023 by-election. • 40.89% during 5th January by election.
	To enhance Strategic Partnership and Collaboration with Stakeholders.	Number of election observers credited during key electoral processes.	<ul style="list-style-type: none"> • Briefings. • Accreditations. • Workshops and trainings. • Stakeholder engagements. 	<ul style="list-style-type: none"> • A register of 15,157- Long Term Observers. • 120,731 short term observers accredited for the GE. • 255 observers accredited for the by-elections. • Social media outreach – You Tube , IEBC webpage, Instagram, X@IEBC Kenya, Facebook, • 5,978 journalists accredited.

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

Strategic Pillar/Key Result Area	Objective	Key Performance Indicators	Activities	Achievements
	To Empower political parties and independent candidates to effectively participate in the electoral Process.	Number of political party liaison committee meetings held.	<ul style="list-style-type: none"> Political party liaison meeting. Training of political parties. 	<ul style="list-style-type: none"> Four (4) PPLC Meetings.
5. Equitable representation.	Equity in Representation in Parliament and County Assembly levels. Delimitation of Electoral Areas.	Number of Electoral Boundaries reviewed.	<ul style="list-style-type: none"> Stakeholder participation. Forums Consultations with relevant authorities. Boundaries equipment. 	<ul style="list-style-type: none"> Boundaries Review Operation Plan developed (BROP). Geo-data collected from 2393 sub-locations in 9 counties.
6. Strengthening strategic operations.	To streamline supply chain processes, logistics, warehousing and disposal.	Timely procurement process. Development and implementation of Inventory management system.	Contracting Workshops, meetings.	<ul style="list-style-type: none"> All procurements done on time. IMS development in progress.

8. CORPORATE GOVERNANCE STATEMENT

The Commission is accountable to the public and stakeholders through Parliament for ensuring that it complies with the highest standards of corporate governance and operational ethics. The Commission has embraced corporate governance by promoting the right corporate culture and values.

The Commission exercises reasonable care to ensure that the management of the Commission is carried out in the best interest of the citizens of Kenya. The overall management of the Commission is the responsibility of the Commissioners.

The Commission recognizes the need to conduct its affairs with integrity and in accordance with generally accepted corporate practices and internationally developed principles of corporate governance.

The Commission

The size, composition and appointment of the Commission is prescribed by Article 250 of the Constitution and by the IEBC Act 2011. Each member is appointed to serve for a single term of six (6) years. Three (3) Commissioners resigned between 2nd and 8th December, 2022. Three other Commissioners exited on 17th January, 2023 upon expiry of their six (6) year term. The President terminated the contract of one (1) Commissioner on 1st March, 2023.

The Commission was well composed in terms of range and diversity of skills, knowledge, age and experience in various sectors which makes it effective and provides an appropriate skills balance for the oversight of the Commission's mandate. As at the end of the 2022/2023 financial year, the Commission had not been constituted.

The Commission Committees and their Responsibilities

The Commission delegates certain functions to committees without abdicating its own responsibilities. The Commission has developed a committee structure that assists in the execution of its duties, powers and authorities. The Committees are appropriately constituted drawing membership from amongst the Commissioners with the appropriate set of skills and experience and directors co-opted from various directorates.

The Commission has in place an independent Audit Committee that is chaired by a non-executive member. It also has two independent audit committee members and one Commissioner.

The Audit Committee: Oversees the internal audit activity charged with the responsibility of continuous review and providing assurance on effectiveness of the Commission's Governance, Risk and Control.

Human Resource Training and Administration Committee: Provides advisory and oversight on human resource management, training and development, facilities and general administration.

Finance and Supply Chain Management Committee: The main role of the Finance and procurement Committee is to provide financial oversight for the Commission. The responsibilities include oversight over; Budgeting and budgetary control, Procurement, Financial management and reporting. It ensures compliance with relevant laws, Regulations and international standards especially Public Financial Management (PFM) Act, Public Procurement and Asset Disposal (PPAD) Act and Accounting Standards.

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

Election Operations, Research and Boundaries Delimitation Committee: Provides oversight on voter registration and election operations planning, boundary delimitation and risk monitoring and compliance.

Information and Communication Technology Committee: Provides oversight on the formulation and integration of ICT in the management of elections and research and planning.

Legal, Compliance and Political Party Liaison Committee: Oversees settlement of disputes relating to or arising from nominations, electoral code of conduct, campaign finance and code of ethics compliance. It also provides oversight on legal reforms, implementation of regulations and corporate governance.

Voter Education, Partnerships and Stakeholders Engagement Committee: Provides oversight on voter education, Partnerships, stakeholder engagement policies and strategies.

During the period under review, the Commission conducted the following committee meetings as per the table below:

S/No.	Committee	Key Responsibility	No. of Meetings
1.	Plenary.	Oversight, Strategy and Policy Formulation.	11
2.	Finance and Supply Chain Management Committee.	Procurement and Finance Oversight.	1
3.	Audit, Risk and Compliance Committee.	Oversight on Governance, Risk and Compliance.	2
4.	Human Resources, Training and Administration Committee.	Advisory and Oversight on Human Resource functions.	7
5.	Legal, Compliance and Political Party Liaison Committee.	Legal Oversight and Compliance.	1
6.	Information and Communication Technology Committee.	Oversight on Election Planning and Implementation.	1
7.	Election Operations, Research and Boundaries Delimitation Committee.	Technical oversight on voter registration and election operations planning, boundary delimitation and review.	1
8.	Voter Education, Partnerships and Stakeholders Engagement Committee.	Oversight on voter education, Partnerships, stakeholder engagement policies and strategies.	4

Three (3) Commissioners resigned between 2nd and 8th December, 2022. Three other Commissioners exited on 17th January, 2023 upon expiry of their six (6) year term. The President terminated the contract of one (1) Commissioner on 1st March, 2023.

Impartiality and Independence of Members

Every member of the Commission and employee shall perform their functions impartially and independently without influence from any person, authority or organization.

Disclosure of Conflict of Interests

If a member of the Commission or an employee is directly or indirectly interested in any matter before the Commission and is present at any meeting of the Commission at which the matter is the subject of consideration, he/she shall as soon as practicable disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the matter or be counted in the quorum of the meeting during consideration of the matter.

A member or employee whose personal interest conflicts with their official duties shall in writing, declare as soon as practicable the personal interests to their supervisor or other appropriate person or body and comply with any directives given to avoid the conflict and refrain from participating in any deliberations with respect to the matter.

9. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

The Commission successfully conducted General elections during the year of 2022/2023 financial year. The election realised 65% voter turnout after 14,306,975 voters turned out to vote. Consequently, 1,882 candidates were elected during the general election. The Commission conducted ten (10) by-elections and successfully undertook post-election evaluation exercise during the 2022/2023 financial year.

Summary of Budget Allocation as at 30th June, 2023

During the period under review, the Commission was allocated Kshs. 20,638,703,201 in recurrent expenditures. No allocation was provided for development expenditure. The Commission received exchequer from National Treasury amounting Kshs. 19,000,098,292 and internally generated revenue of Kshs. 8,321,956.

These funds were utilized to fund the conduct of the August 2022 General Election and by-election activities, post-election evaluation, administrative operations of the Commission and preliminary preparation for electoral boundary review.

The Commission had an initial budget allocation of Kshs.21,686,840,000 for the 2022/2023 financial year. During the supplementary budget adjustments, the Commissions budget was revised downwards by Kshs.1,048,136,799 which resulted into a final approved budget of Ksh.20,638,703,201 as at 30th June,2023 as shown in the table 1 below:

Table 1: Commission's Overall Budget and Adjustments

Description	Printed Estimates Kshs.(000)	Supplementary budget Kshs.(000)	Revised Budget Kshs.(000)
IEBC Vote 2031	21,686,840	(1,048,137)	20,638,703

Summary of Budget Absorption as at 30th June, 2023

During the period under review, the Commission spent Kshs.19,442,301,038 This was applied to fund 2022 general election related activities mainly payment of poll officials, election security, purchase of election material and election related service providers.

The Commission settled 2017 General Election pending bills amounting Kshs. 617,148,545. However, due to budgetary and exchequer constraints, the Commission was unable to settle pending bills amounting Kshs 4,857,441,244.

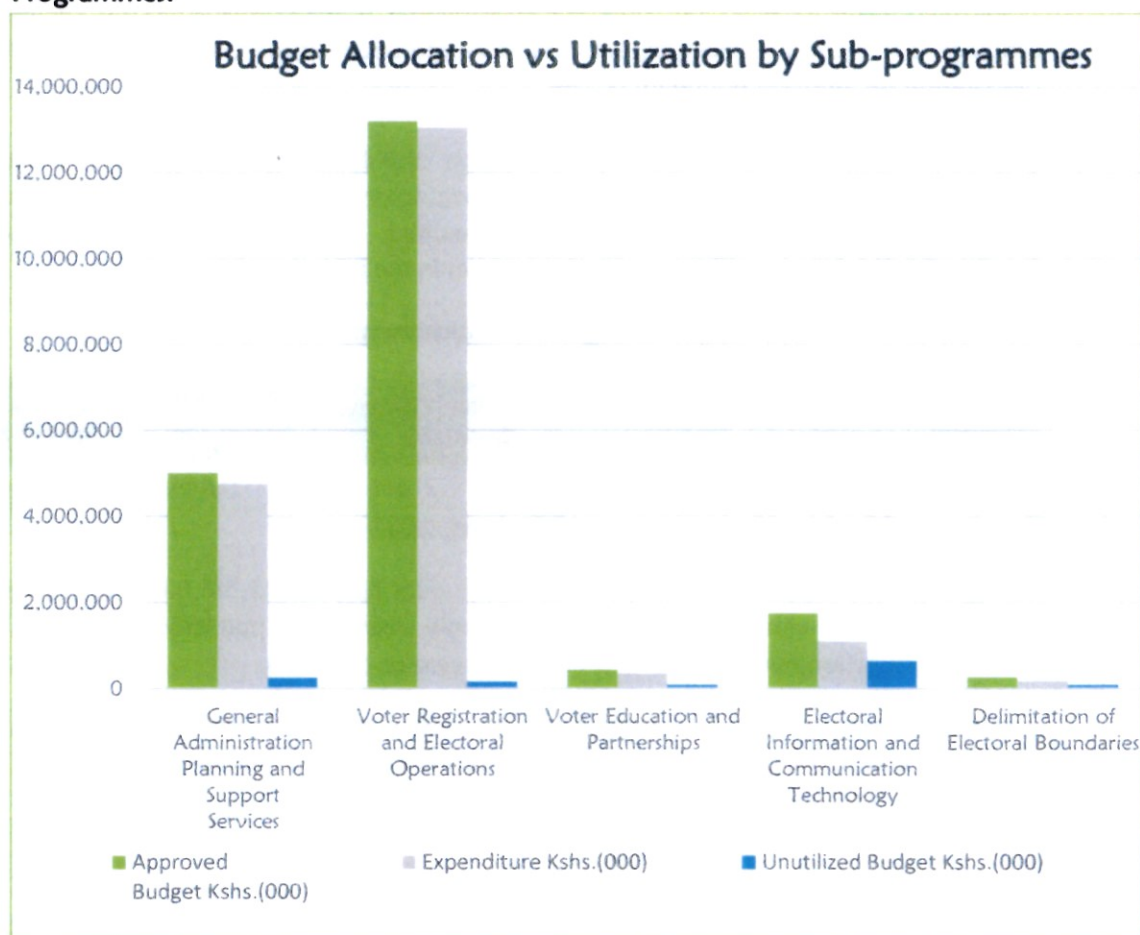
IEBC Budget Allocation vs Budget Expenditure by Sub- Programmes

Table 2 below compares the budget allocation and the budget utilization by sub-programmes during the period under review.

Table 2: Budget Allocation Vs Budget Expenditure by Sub- Programmes

Description	Approved Budget Kshs.(000)	Expenditure Kshs.(000)	Unutilized Budget Kshs.(000)
General Administration Planning & Support Services	5,001,438	4,752,893	248,545
Voter Registration and Electoral Operations	13,205,154	12,939,777	265,376
Voter Education and Partnerships	428,818	376,490	52,328
Electoral Information & Communication Technology	1,740,876	1,067,045	673,831
Delimitation of Electoral Boundaries	262,417	174,568	87,849
Grand Total	20,638,703	19,310,773	1,327,929

Fig.1: The bar graph below illustrates Budget Allocation Vs Budget Utilization by Sub- Programmes.



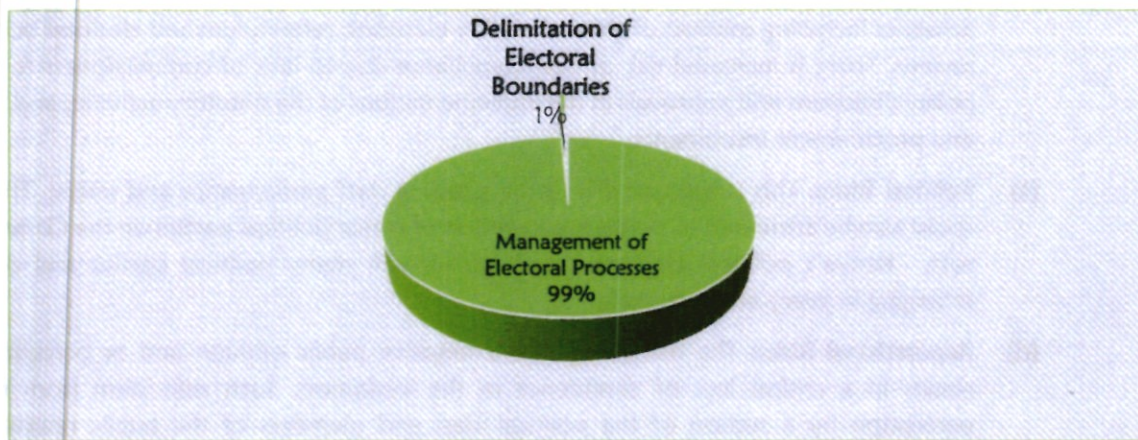
Commission Budget Allocation by Programmes

Table 3 below indicates the budget allocation vs the budget utilization by economic classification during the 2022/2023 financial year.

Table 3: Budget Allocation by Programmes

S/No.	Description	Expenditure (KShs) (000)	Allocation (%)
1	Management of Electoral Processes	19,136,205	99%
2	Delimitation of Electoral Boundaries	174,568	1%
Grand Total		19,310,773	

Fig.2: The pie chart below illustrates Budget Allocation by Programmes in the 2022/2023FY;



Compliance with Statutory Requirements

The Commission complied with its tax obligations and all its statutory obligations in the implementation of its mandate.

Key Projects and Investment

The Commission plans to acquire Commission-owned offices and premises for its operations. The Commission will engage the National Treasury with a view of seeking funds for acquisition of its own building (The Uchaguzi Centre). This will pave the way for the Commission to realize its vision to establish The Uchaguzi Institute (Election Training Centre).

The current location of the Commission headquarters within the Nairobi Central Business District poses a security threat. Many a time there have been protests and demonstrations that not only interfere with the Commission work, but also hamper the operations of other tenants at Anniversary Towers. Besides, there is a growing human resource capacity that demands for more office space that makes it prudent for the Commission to acquire its own headquarters. This will in the long run reduce the expenses incurred on rent.

Risk Management Activities

The Commission has put in place a risk management framework for risk identification and mitigation. Further, it has embedded risk management in all its planning, execution, evaluation and business continuity arrangements.

Some of the key risks facing the Commission include:

- (a) **Strategic Risks:** Strategic risks are those risks that affect the ability to carry out the goals and objectives as articulated in the Commission mandates, legislation and policies. The delayed constitution of the Commission has increased the risk of its inability to fulfil its strategic operations including policy, strategy formulation and oversight in the implementation of the commissions mandate. These risks may undermine the corporate governance processes of the Commission.
- (b) **Compliance Risks:** These are risks associated with non-compliance with applicable laws and regulations which could result in litigations and conflicts of interest. IEBC being a constitutional body, is required by law to implement its mandate within various statutory timelines including conduct of general and by-elections, referendum and electoral boundaries review. There is increased risk of non-compliance due to lack of commissioners to provide policy directions and approvals in the implementations of the statutory activities and financial and procurement instruments.
- (c) **Political Risks:** This is a major risk factor affecting staff performance and safety. These risks could also be attributed to political perception of major political parties on the Commission's role. Kenya's political landscape is dynamic with many political parties and coalitions emerging in every electoral cycle.
- (d) **Reputational Risks:** The risk of significant negative public opinion and or perception that results in a critical loss of confidence in the institution. Such risks stem from negative perception by a section of the political class and members of the public resulting from misinformation about the Commission processes.

The Commission is undertaking deliberate efforts of engaging stakeholders and enhancing public sensitization with a view of telling and explaining the Commission to debunk the misinformation.

- (e) **Financial Risks:** The risk of financial loss that may include ineffectiveness of internal controls, financial and procurement processes and systems, budgeting and fiscal stewardship as well as the monitoring of full financial and performance reporting. The Commission has continued to integrate the risk management framework with the financial and procurement process to mitigate the associated risks of financial loss, inadequate funding, liquidity challenges and delayed procurements.
- (f) **Technological Risks:** Technological risks refer to the possibility of the technology adopted by the Commission not responding to the tasks, either through intentional or non-intentional failures. The risks may include malfunctioning of Electoral ICT Systems, over-reliance on vendors/for support and maintenance, over legislation on use of ICT, cyber security threats and mistrust in the functioning of election technology and rapid obsolescence of existing technologies.

(g) Operational Risks: The risk of direct or indirect loss or inability to provide core services, especially to stakeholders, resulting from inadequate or failed internal processes, resources (including human resources, equipment malfunction), and systems. Operational risks refer to the risk of direct or indirect loss or inability to provide core services, especially to stakeholders, resulting from inadequate or failed internal processes, resources (including human resources, equipment malfunction), and systems.

The risk associated with the delay in the constitution of the Commission is likely to paralyze the key operations of the Commission that requires their direction, oversight and approvals including the boundaries review, the conduct of the by-elections, review of the strategic, operations, budget and procurement plans approval for implementation.

Statutory and Financial Obligations

As at the 30th June, 2023, the Commission had not settled pending bills amounting Kshs. 4,857,441,244. The bulk of these bills relates to unpaid election petitions legal fees. The Commission will continue to engage the National Treasury for budgetary allocation and exchequer funding in the 2023/2024 financial year.

Financial Probity and Governance

To obtain assurance on compliance and prudence in the management of the election finances, the Commission has collaborated with the relevant statutory oversight bodies and continues to undertake internal financial reviews whose outcome enables the Commission to strengthen its operational and financial systems.

Future Plans

Section 18 of the IEBC Act, 2011 establishes the IEBC Fund to cater for the administrative and other expenses of the Commission, including the salaries, allowances, gratuities and pensions of the members and employees of the Commission. The Regulations are in place and awaits operationalization of the fund. Operationalization of the IEBC Fund, will aid in the planning and timely execution of operations and projects, and further eliminate previous challenges of delayed disbursements or budget cuts. The funding for the Commission activities should be in tandem with the 5-year election cycle as opposed to providing funds in the year of election.

Currently, the Commission is compliant to the requirements for ISO/IEC 27001:2022 (for Information Security Management System) certification and envisions that during the financial year 2023/2024 it will attain full ISO Certification.

10. ENVIRONMENTAL & SUSTAINABILITY REPORTING

The Independent Electoral and Boundaries Commission is a credible electoral management body that strives to meet the democratic aspirations of the people of Kenya.

Our Mission is to conduct transparent, efficient, and impartial elections; and undertake boundary delimitation for equitable representation and sustainable democracy.

In its endeavors to achieve its mandate, the Commission is guided by the following principles and core values:

- Adherence to the rule of law - We conduct our businesses within the law.
- Inclusivity - We respect gender, race, class and disability in the conduct of electoral activities.
- Integrity - We conduct our affairs with utmost honesty.
- Accountability - We endeavor to be responsible for our actions.
- Teamwork - We work collaboratively as colleagues to achieve Commission goals.
- Innovativeness - We transform the electoral process by exceeding the expectations of Kenyans.

(i) Sustainability strategy and profile

The Independent Electoral and Boundaries Commission is a Constitutional body established under Article 88 of the Constitution of Kenya and is a body corporate pursuant to Article 253 of the Constitution of Kenya.

The Constitution of Kenya 2010, IEBC Act 2011 and the Elections 2011 have been the greatest sustainability pillars of the Commission and the achievements of its mandate. The National Assembly has enacted and or amended several Statutes that enable the Commission to carry out its mandate. The role-played by the State and Non-State Stakeholders and Partners in the election process have sustained the operations and the implementation of the key Commission strategies.

To effectively sustain its operations, the Commission has put in place policies, structures and procedures to support its operations. In the achievement of its mandate, the Commission has anchored its operations and strategy in three main pillars: strengthening corporate governance, strengthening the legal framework, effective conduct of elections, public outreach, equitable representation and strengthening strategic operations.

The Commission, over the years, has developed well-trained and experienced staff on matters election operations and technology. To this end, it has received benchmarking delegations from Africa and beyond. Further, it has well established structures in its county and constituency offices spread across country.

(ii) Employee welfare

The Commission's policy on recruitment ensures commitment to the two third-gender rule is observed as well promotes affirmative action to ensure diversity in the workplace. The Commission's Shortlisting and Interview Guidelines ensure that recruitment processes are geared towards observing and promoting regional and gender balance.

Currently, the percentage of gender distribution is 36% female and 64% male, while the ethnic representation within the Commission is forty-three (43) ethnic tribes out of the forty-six (46) existing ethnic communities.

The Commission had seven (7) workers with disabilities of which two were female while five (5) were male. The Commission supports officers to be in good professional standing with their professional bodies by facilitating their Annual Subscription and Continuous Professional Development (CPD) training. In addition, the staff are trained in career development courses, specialized skills and seminars and workshops.

The Commission has a Performance Management System (PMS) that include Target Setting and the Annual Performance Appraisals. The Commission also recommend honors, awards, and issues commendation letters in recognition of exemplary performance. During the period under review the Chairman, two Commissioners, two directors and two managers received state commendation by the president as a recognition of exemplary conduct of the 2022 general election.

(iii) Market place practices

IEBC operates in an environment with a wide range of risk profiles, making free and fair election competitive focus in a very competitive elective political environment. Election code of conduct provides the Commission and the public with details of malpractices that may impair competitive elections. It provides guidelines, addressing such issues as election fraud, bribery, violence, conflicts of interest, among other election irregularities.

The Commission has consistently applied the most competitive procurement methods based on the prevailing procurement laws and regulation with emphasis on maximizing value for money and equity in the procurement processes. The Commission also conducts due diligence on third parties to ensure that it engages the right suppliers in its procurement.

It has established responsible supplier relationship by strict compliance to the public procurement and asset disposal processes and principles as laid down in the public procurement and asset disposal legislative framework. Further, the Commission has enhanced its communication as a tool in bettering the management of the existing suppliers. The use of online procurement modules has further enhanced efficiency hence increased trust in our procurement process. This has made suppliers to have a better understanding of the Commission's business goals.

(iv) Corporate Social Responsibility/ Community Engagements

The Commission's overriding Corporate Social Responsibility theme is "Connecting with the Voter". In the period under review, the Commission undertook several CSR initiatives most of which include humanitarian initiatives such as donation of sanitary towels to various Schools, donation of books, geometrical Sets, pens and white boards to schools, sponsoring football tournaments for schools, open-air markets clean up, cleaning of the environment and donation of football materials for a local football team.

Further, the Commission has institutionalized the management of school student council elections, where the Commission uses the opportunity to inculcate democratic tenets in the learner's minds. The school council elections are regularly coordinated by the Commission's County and constituency offices in their respective electoral area.

The Commission further visited the Smile Community Centre children's home in Embakasi South Constituency in Nairobi in June, 2023 where the Commission donated food stuff, sanitary pads, toiletries, clothes to children and care givers.

11. REPORT OF THE COMMISSIONERS

The Commission submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Commission's affairs.

i) Principal activities

The principal activities of the Commission are as per Article 88 and IEBC Act 2011 and are:-

- Conducting elections to any elective body or office established by the constitution;
- Conduct any other elections as prescribed by an Act of Parliament;
- Conducting or supervising referenda;
- Continuous registration of voters;
- Revision of the voter's roll;
- Delimitation of constituencies and wards boundaries;
- Regulation of political parties process;
- Development of a code of conduct for candidates and parties and
- Monitoring of compliance with legislation on nomination of candidates by parties.

ii) Results

The results of the Commission for the year ended June 30, 2023, are set out on pages 1 to 23.

iii) Commissioners

The members of the Commission who served during the year are shown on pages (vii) –(x). Three (3) Commissioners resigned between 2nd and 8th December, 2022. Three other Commissioners exited on 17th January, 2023 upon expiry of their six (6) year term. The President terminated the contract of one (1) Commissioner on 1st March, 2023.

As at the end of the period under review, new Commissioners were yet to be appointed.

Auditors

The Auditor-General is responsible for the statutory audit of the Commission in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.


CPA Marjan Hussein Marjan, MBS
Commission Secretary

12. STATEMENT OF THE ACCOUNTING OFFICER RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, requires the Accounting Officer to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Commission as at the end of period and of its operating results. It also requires the Accounting Officer to ensure that the Commission maintains proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Commission. The Accounting Officer is also responsible for safeguarding the Commission's assets.

The Accounting Officer is responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Commission; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Commission; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

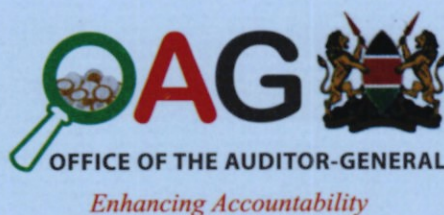
The Accounting Officer accepts responsibility for financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Accounting Officer is of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Commission and of its financial position. The Accounting Officer further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Accounting Officer to indicate that the Commission will not remain a going concern for at least the next twelve months from the date of this statement.


CPA Marjan Hussein Marjan, MBS
Commission Secretary/CEO

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REPORT OF THE AUDITOR-GENERAL ON INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed, and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Independent Electoral and Boundaries Commission set out on pages 1 to 28, which comprise the statement of

Report of the Auditor-General on Independent Electoral and Boundaries Commission for the year ended 30 June, 2023

financial position as at 30 June, 2023, and the statement of financial performance, statement of cash flows, statement of changes in net assets, and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Independent Electoral and Boundaries Commission as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables

As previously reported, the statement of financial position and as disclosed in Notes 12 and 13 of the financial statements reflects balances of Kshs.11,160,000 and Kshs.26,193,000 in respect of ECK accounts receivables and ECK car loan receivables respectively, which have been outstanding for more than fifteen (15) years since 2008. The amounts relate to imprests and salary advances held by staff and outstanding car loans to commissioners of the defunct Electoral Commission of Kenya. The funds were recovered from their final dues but retained by The National Treasury. However, records of The National Treasury do not reflect the retained amounts as payable to IEBC. Management indicated that the Commission is engaging The National Treasury with a view of getting the money refunded or obtaining an approval to write it off from the Commission's accounting records but this had not been done to date.

In the circumstances, the recoverability of the long outstanding accounts receivables balance and car loans amounting to Kshs.37,353,000 could not be ascertained.

2. Inaccurate Inventory Balance

The statement of financial position and as disclosed in Note 11 to the financial statements reflects inventory balance of Kshs.995,724,000 as generated from the Inventory Management System. Review of the consolidated stock take report for the 47 regional warehouses carried out between March and April, 2023 revealed that the stock balances in the annual consolidated inventory report as at 30 June, 2023 was valued at Kshs.1,036,377,000. This resulted in an unexplained variance of Kshs.40,653,000 between the two sets of reports.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.995,724,000 reflected in the financial statements could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 14 to the financial statements reflects property, plant and equipment balance of Kshs.2,333,123,000. Review of the balances revealed the following unsatisfactory matters:

3.1. Unregistered Land

The property, plant and equipment balance excludes value of un-established thirty five (35) parcels of land and two (2) parcels of land located in Mandera and Lamu respectively, with title deeds whose value had not been determined. Further, apart from the two title documents obtained for land located in Mandera and Lamu Counties, the Commission was yet to obtain ownership documents for other twenty-five (25) parcels of land allocated to it by the National and County Governments. In addition, verification of land and property conducted in thirty-six (36) sampled Counties indicated that all Counties were directed through a letter from Independent Electoral and Boundaries Commission (IEBC) dated 24 March, 2020 to engage relevant government agencies in pursuit of allotment letters and ownership registration documents status report on land registration dated 31 August, 2023.

3.2. Anomalies in Motor Vehicle Records

Included in the balance, is motor vehicles historical cost of Kshs.783,115,000 for one hundred and sixty-five (165) motor vehicles. However, review of motor vehicle status report revealed that the Commission owns a total of two hundred and thirty-eight (238) motor vehicles, three (3) motor boats and two (2) forklifts. Further, review of motor vehicle records revealed that a total of two hundred and seventeen (217) logbooks registered under the defunct Electoral Commission of Kenya (ECK) had not been transferred to IEBC. In addition, a sample of records in thirty-six (36) counties revealed that seventy (70) motor vehicles, two (2) forklifts and three (3) boats were grounded and were unserviceable. Three (3) Counties namely Muranga, Wajir and Mombasa had accumulated storage costs totalling Kshs.3,219,580 for grounded motor vehicles in private garages.

3.3. Missing Kenya Integrated Elections Management System (KIEMS) and Biometric Voter Registration (BVR) Kits

Included in the balance is the cost of computer and equipment totalling Kshs.16,253,479,000 out of which Kshs.5,309,257,874 and Kshs.6,335,686,715 relates to the cost of 59,100 KIEMS and 15,000 BVR kits respectively. Analysis of ICT assets revealed that a total of 5 Morpho KIEMS kits went missing during the year while an additional 158 had been lost previously. Further 3,402 kits were found faulty and not appropriately updated in the fixed asset register.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.2,333,123,000 could not be confirmed.

4. Legal Dues, Arbitration and Compensation

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects use of goods and services amount of Kshs.12,270,528,000 which

includes Kshs.2,348,660,000 for legal dues, arbitration and compensation. However, the following unsatisfactory matters were noted:

4.1. Unsupported Expenditure on Presidential Petition

Included in the expenditure is Kshs.502,280,000 incurred on the 2022 presidential petition. However, instruction letters to support an expenditure totalling Kshs.158,960,000 paid to the lead counsel and assistant counsel were not provided for audit review. In addition, an expenditure totalling Kshs.44,640,000 was in excess of the agreed chargeable maximum amount as per the instruction letters signed by the Commission and the legal firms.

4.2. Failure to Provide Agreement on Fees Chargeable

Review of documents for legal dues, arbitration and compensation revealed that the Commission paid legal fees amounting to Kshs.713,814,134 to law firms to represent it. However, engagement terms in the letters of instructions indicated that the fees would be paid as per Advocates Remuneration order but did not indicate any ceiling. Further, the fee notes did not indicate specific charges/rates in reference to the Advocates remuneration order.

In the circumstances, the accuracy and completeness of the legal dues, arbitration and compensation totalling Kshs.2,348,660,000 could not be confirmed.

5. Unsupported Employee Costs

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects employee costs totalling Kshs.9,228,608,000. Included in this amount is Kshs.674,965,000 relating to domestic travel and subsistence. Analysis of supporting schedules revealed that an expenditure of Kshs.666,100,000 was supported while Kshs.8,864,539 was explained to have been disbursement of funds to counties for the 5th January, 2023 By-election through payment voucher No. 1571. However, the payment voucher was not provided for audit review.

In the circumstances, accuracy of employee costs totalling Kshs.674,965,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Independent Electoral and Boundaries Commission Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Outstanding Accounts Payables

The statement of financial position and as disclosed in Note 16 to the financial statements reflects trade and other payables balance of Kshs.4,857,441,000. Whereas the opening

balance for the financial year 2022/2023 was Kshs.2,051,567,000, the Commission accrued additional expenditure of Kshs.2,805,874,000 which included Kshs.1,948,379,000 for legal fees during the year under review. The legal fees payables therefore stood at Kshs.2,909,645,000 while goods and services payables stood at Kshs.1,947,796,000 as at the close of the financial year 2022/2023.

In the circumstances, the Commission risks legal actions since some of the debts have been long outstanding.

2. Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management had not resolved all the issues or given any explanation for failure to implement the recommendations.

My opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Outstanding Court Awards

The statement of financial position and as disclosed in Note 10 to the financial statements reflects receivables from non-exchange transactions of Kshs.14,525,000. Included in the amount is Kshs.5,396,000 for Court awarded costs. As reported previously, the balance relates to Appropriations-In-Aid (AIA) receivables from court cases decided in the year 2013 for which costs had been awarded to the Commission. However, Management did not demonstrate the measures taken to collect the amounts awarded as required under Regulation 64(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that an Accounting Officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for

Report of the Auditor-General on Independent Electoral and Boundaries Commission for the year ended 30 June, 2023

the prompt collection and proper accounting for all national government revenue and other public moneys relating to their Ministries, departments or agencies.

In the circumstances, Management was in breach of the law.

2. Failure to Use E-Procurement System

As reported previously, the Commission procured goods and services totalling Kshs.3,169,974,250 at its County Offices. The expenditure was authorized by the County Elections Managers. Review of the payment records supporting the expenditure revealed that the procurement was implemented outside e-Procurement system and manual returns sent to the Head Office for further processing. This was contrary to Regulation 54 of the Public Procurement and Disposal Regulations, 2020 which requires procuring entities to use the e-procurement system.

In the circumstances, Management was in breach of the law.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Deficiency in the Governance Systems

The Key Commission Information and Management section of the annual report indicates that all the Commissioners exited from office between December, 2022 and March, 2023, leaving the Commission not fully constituted. Policy decisions and strategic directives have therefore not been executed. Further, failure to commence the process of replacement of the Chairperson and the Members of the Commission within six months before the lapse of their term was contrary to Section 1 of the first schedule of the Independent Electoral Boundaries Commission Act, 2011.

In the circumstances, the Commission is unable to conduct its mandate.

2. Deficiencies in the Biometric Voter Registration (BVR) and Kenya Integrated Elections Management System (KIEMS) Kits Controls

2.1 Kenya Integrated Elections Management System (KIEMS) Kits

The Commissions' policies require that after conclusion of general or by-election, KIEMs Kits and other related accessories are to be taken back to the central warehouse at the

Likoni National Warehouse Election Technology Centre (ETC) for storage, central management and maintenance. However, physical verification of the warehouses revealed that there were no records to confirm the number of KIEMs kits stored in the warehouse at any particular time. Further, although the arrangement of KIEMs kits is restricted as per the County, it was not easy to verify or check in order to identify missing gadgets in the stock. It was established that the Commission does not undertake periodic stock take of the KIEMs Kits contrary to Section 162(1) (2) of the Public Procurement and Asset Disposal Act, 2015.

Further, it was observed that there is no timeline set by the Commission for KIEMs Kits to be returned to the Election Tallying Centre (ETC) upon completion of an election, which may result to loss or faultiness since Counties do not have a controlled environmental condition to store the KIEMs Kits. Field verification revealed that 256 KIEMs Kits held in Nyeri warehouse had not been returned to headquarters. However, after an audit inspection, reconciliation and physical count, it was established that 290 kits were still in County warehouses raising concerns on their security.

2.2 Loss of Election Materials at Karachuonyo Constituency Office

Field visit to Karachuonyo IEBC Constituency Office in September, 2023 revealed poor condition of the office premises and stores. It was also found that 31 BVR Laptops and 45 chargers were missing. The loss was reported to have occurred on 26 August, 2021. Further, there was poor accounting of the stores records with no reconciliation being done.

2.3 Discrepancies in Stores Records at Kisii County Offices

Field visit to IEBC offices in Kisii County on 10 September, 2023 revealed variances between store records provided for Nyanza South BVR kits and a physical count. The stores Ledger and stock control card recorded a balance of 297 kits as at 20 May, 2022. However, the stock take balance recorded was 271 resulting in unexplained variance of twenty-six (26) kits. Further, physical verification carried out in the month of September, 2023 revealed that a total of 79 kits had no hard disks while 215 were empty. Management explained that the variance in BVR kit was noted in the internal audit report on ICT equipment dated 18 January, 2022 and April, 2023.

In the circumstances, it was not possible to ascertain the effectiveness of controls over the kits storage.

3. Status of Construction of the County Warehouses

Field inspection carried out in the Counties revealed that all the Commission's warehouse construction projects were behind schedule as reported previously as indicated below:

County	Project Cost (Kshs.)	Paid Project Cost as at 30 June, 2023 (Kshs.)	Project Duration	Expected Completion Date
Machakos	39,996,999	28,127,526	24 weeks	16 September, 2021
Garissa	40,503,510	34,707,318	30 weeks	30 July, 2021
Wajir	40,000,000	34,275,861	30 weeks	30 November, 2021
Isiolo	37,106,200	33,925,872	30 weeks	31 August, 2021
Kakamega	42,000,000	42,783,076	40 weeks	18 December, 2021
Renovation of ICT Warehouse - Nairobi	93,898,250	56,110,235	52 weeks	12 May, 2022

Further, a contract for the proposed phased refurbishment of a go-down at Supplies Branch Industrial area was awarded at a total cost of Kshs.93,898,250 for a contract period of fifty-two (52) weeks ending 12 May, 2022. However, the contractor had not completed the works as at the time of the audit in December, 2023.

4. Staff Matters

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects employee costs of Kshs.9,228,608,000. However, review of the amount revealed the following unsatisfactory matters;

4.1 Irregular Promotions

As previously reported, the Commission filled eighty-eight (88) vacancies by promoting employees to various grades. Further, review of personal files revealed that three (3) staff members were promoted to grade 4 and six (6) staff members promoted to grade 5. However, there was no evidence of competitive promotions contrary to Paragraph A.2(1) (vii) of Human Resource Policies and Procedures Manual for the Public Service May, 2016 which states that there shall be fair competition and merit as the basis of appointments and promotions.

In the circumstances, Management was in breach of the law.

4.2 Failure to Fill Vacancies as per Staff Establishment

As previously reported, the Commissions' approved staff establishment as at 30 June, 2023 had two hundred and ninety-six (296) vacancies in various cadres of staff which were not filled by the time of the audit in November, 2023. The posts included; thirty (30) County Accountants; Thirty-two (32) County Supply Chain Management Assistants; Thirty (30) Senior Elections Officers and nineteen (19) Assistant Elections Officer among others. In addition, there was lack of segregation of duties at County offices whereby casual staff discharged key roles and were privy to Commissions' confidential information and documentation.

In the circumstances, the integrity of the confidential information at IEBC could not be confirmed.

5. Lack of Segregation of Duties

5.1 Maintenance of Accounting Records

During the year under review, it was observed that regional accountants maintained accounting records for two or more Counties without substantive assistants resulting to lack of segregation of duties as the accountants initiated, processed and authorized payments. Further, it was established that the same accountants maintained cash books, vote-books, bank reconciliation statements, County general ledger, trial balance, deposit ledgers, AIE reconciliation statements, expenditure returns, imprest registers without being counterchecked. In addition, the regional accountants were reporting to two or more County Elections Managers making their work strenuous.

In the circumstances, the independent counterchecking of the accuracy of the accounting records could not be confirmed.

5.2 Procurement Function and Warehouse Management

Review of documents revealed that the Commission incurred expenditure totalling Kshs.3,169,974,250 through disbursements to Counties for branding, hire of tallying centers, hire of motor vehicles and catering services. However, it was established that each regional supply chain management assistants in the Counties was in charge of two or more Counties. In Nakuru (Central Rift) and Uasin Gishu (North Rift) the procurement assistants handled four and five Counties respectively resulting in lack of segregation of duties. Therefore, County Election Managers in some cases engaged casual employees to assist in maintaining stores records and some even having custody of warehouse keys containing Commission's sensitive materials.

Management explained that the Commission bridged the lack of segregation of duties by putting in place compensating controls of duties in accounting and procurement function including regular monitoring, quarterly internal audits and quarterly financial reporting and reconciliation.

In the circumstances, casual employees discharged key roles relating to the Commission's confidential information and documentation.

6. Irregular Payment of Acting Allowance

Review of the payroll revealed that the Commission paid acting allowances totalling Kshs.1,890,076. However, review of staff records revealed that the staff members were appointed in acting capacities for periods of six months. Upon expiry of the six-month periods, they were continuously renewed through recommendation by Departmental Heads since the positions had not been substantively filled. As a result of the failure by Commission to fill the positions, the staff acted for periods exceeding six months contrary

to provisions of paragraph 5.2.6(c) of Commission's Human Resource and Administration Manual (Policies and Procedures).

In the circumstances, the Commission may be operating at a sub-optimal level where substantive positions are not filled.

7. Lack of Comprehensive Asset Register

As reported in the previous years, the Commission did not maintain a comprehensive asset register. Management explained that some of the parcels of land and buildings inherited from the defunct Electoral Commission of Kenya had no ownership and registration documents at the time of handover to the Commission and further stated that they have initiated the development of a comprehensive asset register. Failure to maintain a comprehensive asset register is contrary to Regulation 143 (2) of the Public Finance Management (National Government) Regulations, 2015 which states that the register of land and buildings shall record each parcel of land and each building and the terms on which it is held, with reference to the conveyance, address, area, dates of acquisition, disposal or major change in use, capital expenditure, lease hold terms, maintenance contracts and other pertinent management details.

8. Storage of Gas Cylinders

Field inspection of Nyandarua, Nyeri, Nakuru, Kisumu, Homabay, Bungoma, Busia, Kisii, Machakos, Meru, Mombasa, Kilifi and Garissa IEBC warehouses revealed that gas cylinders were stored together with election materials (strategic and non-strategic election materials) posing a great risk of fire outbreak in the event of gas leakage. This is contrary to Section 172 (h) of the Public Procurement and Assets Disposals Regulation, 2020 which states that the officer in charge of stores of a procuring entity shall ensure all stores of a highly inflammable or explosive nature are kept in a separate storeroom.

In the circumstances, the stores are at a risk of being destroyed in case of fire hazards.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Commission's ability to sustain its services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Commission or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Commission's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Independent Electoral and Boundaries Commission policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Independent Electoral and Boundaries Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


25 January, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30th June, 2023			
	Note	2022/2023 Unaudited Kshs 000	2021/2022 Audited Kshs 000
Revenue from Non-exchange Transactions			
Transfers from Other Governments	1	19,000,098	19,641,645
Revenue from Exchange Transactions			
Other Incomes	2	8,322	143,464
Total Revenue		19,008,420	19,785,109
Expenses			
Use of Goods & Services	3	(12,270,528)	(7,902,443)
Employee Costs	4	(9,228,608)	(5,901,167)
Commissioners Expenses	5	(7,789)	(28,732)
Depreciation & Amortization	6	(1,102,053)	(1,506,092)
Repairs & Maintenance	7	(437,323)	(463,528)
Total Expenses		(23,046,302)	(15,801,962)
Other Gains(Losses)			
Loss on Disposal of Assets	8	(310)	-
(Deficit)/Surplus in the Period		(4,038,191)	3,983,147

The significant accounting policies and notes to the Annual Report and Financial Statements on page 6 to 23 form an integral part of these financial statements.

The Financial Statements from page 1 to 5 were signed on behalf of the Commission by:


CPA Osman H. Ibrahim, HSC,OGW
ICPAK M/ No. 2544
Director Finance



CPA Marjan H. Marjan, MBS
ICPAK M/No. 2786
CEO/Commission Secretary

15. STATEMENT OF FINANCIAL POSITION

As at 30th June, 2023			
	Note	2022/2023 Unaudited Kshs 000	2021/2022 Audited Kshs 000
Assets			
Current Assets			
Cash and Cash Equivalents	9	127,190	597,768
Receivables from Non-Exchange Transactions	10	14,525	20,813
Inventories	11	995,724	907,560
ECK Accounts Receivable	12	11,160	11,160
ECK Car Loan Receivable	13	26,193	26,193
Total Current Assets		1,174,792	1,563,494
Non-Current Assets			
Property, Plant & Equipment	14	2,333,123	2,966,356
Intangible Assets	15	806,862	1,152,660
Total Non-Current Assets		3,139,985	4,119,016
Total Net Assets		4,314,777	5,682,510
Liabilities			
Current Liabilities			
Trade and Other Payables	16	4,857,441	2,051,567
Provision for Gratuity	17	32,489	31,604
Refundable Deposits	18	13,345	53,392
Total Current Liabilities		4,903,276	2,136,563
Non-Current Liabilities			
Total Liabilities		4,903,276	2,136,563
Net Assets			
Accumulated Fund		705,873	726,765
Revenue Reserve		(1,309,057)	2,804,496
Capital Reserve		14,686	14,686
Total Net Asset		(588,498)	3,545,947
Total Net Assets and Liabilities		4,314,777	5,682,510

The significant accounting policies and notes to the Annual Report and Financial Statements on page 6 to 23 form an integral part of these Financial Statements.

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ICPAK M/ No. 2544
Director Finance


.....
CPA Marjan H. Marjan, MBS
ICPAK M/No. 2786
CEO/Commission Secretary

16. STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 30th June, 2023					
	Note	Capital Reserve KShs. 000	Revenue Reserve KShs. 000	Accumulated Fund KShs. 000	Total (Kshs) KShs. 000
Balance as at 30th June 2021		-	(1,178,651)	766,366	(412,286)
Surplus/(Deficit) as at 30th June, 2022		-	3,983,147	-	3,983,147
2020/2021FY Funds Returned to N.Treasury	19	-	-	(39,602)	(39,602)
Computers Donated by IFES		14,686	-	-	14,686
Transfers to Staff Car & Mortgage Scheme	19	-	-	-	-
Rounding Off Variances		-	-	1	1
Balance as at 30th June, 2022		14,686	2,804,496	726,765	3,545,947
Surplus/(Deficit) as at 30th June, 2023		-	(4,038,191)	-	(4,038,191)
2021/2022FY Funds Returned to N.Treasury	19	-	-	(22,667)	(22,667)
P.Y.Adjustment - Gain on Disposal of M.V	8	-	-	1,774	1,774
P.Y.Adjustment - Proceeds from M.V	8	-	(2,000)	-	(2,000)
Transfers to Staff Car & Mortgage Scheme	19	-	(73,362)	-	(73,362)
Rounding Off Variances		-	-	1	1
Balance as at 30th June, 2023		14,686	(1,309,057)	705,873	(588,498)

The significant accounting policies and notes to the Annual Report and Financial Statements on page 6 to 23 form an integral part of these Financial Statements.

17. STATEMENT OF CASH FLOW

For the Year Ended 30th June, 2023			
	Note	2022/2023 Unaudited Kshs 000	2021/2022 Audited Kshs 000
<u>Cash flows from Operating Activities:</u>			
Operating (Deficit)/Surplus		(4,038,191)	3,983,147
Transfers to Exchequer	19	(22,667)	(39,602)
<u>Adjustments for Non-Cash Items:</u>			
Depreciation & Amortization	6	1,102,053	1,506,092
Loss on Disposal of Assets	8	310	-
Computers Donated by IFES		-	14,686
<u>Changes in Working Capital:</u>			
(Increase)/Decrease in Non-Exchange Transactions	10	6,288	(3,841)
(Increase)/Decrease in Inventory	11	(88,164)	(907,560)
Increase/(Decrease) in Accounts Payables	16	2,805,875	(248,059)
Increase/(Decrease) in Provision for Gratuities	17	885	12,274
Increase/(Decrease) in Refundable Deposits	18	(40,047)	9,483
Net Cash Flow from Operating Activities		(273,658)	4,326,620
<u>Cash flows from Investing Activities:</u>			
Purchase of Property, Plant & Equipments	14	(123,899)	(3,860,371)
Transfers to Staff Mortgage & Car Loan Scheme	19	(73,362)	-
Proceeds from Disposal of Equipment	8	340	-
Net Cash Flow from Investing Activities		(196,921)	(3,860,371)
<u>Cash flows from Financing Activities:</u>			
Cash flows from Financing Activities		-	-
Net Cash Provided by Financing Activities		-	-
Net (Decrease)/Increase in Cash & Cash Equivalent		(470,579)	466,249
Cash & Cash Equivalent at Beginning		597,768	131,519
Cash & Cash Equivalents at the End	9	127,190	597,768

The significant accounting policies and notes to the Annual Report and Financial Statements on page 6 to 23 form an integral part of these Financial Statements.

18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

IEBC BUDGET EXECUTION STATEMENT AS AT 30TH JUNE, 2023				
Item	Approved Annual KShs '000	Actual Payments Annual KShs '000	Variance Annual KShs '000	Performance Percentage %
Incomes				
Exchequer Releases - Recurrent (Vote 2031)	20,638,703.20	19,000,098	1,638,605	92%
Exchequer Releases - Development (Vote 2031)	-	-	-	-
Appropriation in Aid (AIA)	-	8,322	(8,322)	-
Total Income	20,638,703	19,008,420.25	1,630,283	92%
Management of Electoral Processes				
Expenditure				
Wages and Salary Contributions	8,364,149	8,274,339	89,810	99%
Social Contributions	168,671	165,760	2,911	98%
Goods and Services	10,811,795	10,282,641	529,155	95%
Routine Maintenance	831,131	263,623	567,509	32%
Social Security Benefits	16,500	15,892	609	96%
Acquisitions of Fixed Capital Assets	169,038	118,951	50,087	70%
Domestic Lending and On-lending	15,000	15,000	-	100%
Sub-Total	20,376,286	19,136,205	1,240,081	94%
Delimitation of Electoral Boundaries				
Wages and Salary Contributions	24,250	22,335	1,915	92%
Goods and Services	221,566	152,233	69,333	69%
Routine Maintenance	10,730	-	10,730	0%
Acquisitions of Fixed Capital Assets	5,872	-	5,872	0%
Sub-Total	262,417	174,568	87,849	67%
Total Expenditure	20,638,703	19,310,773	1,327,930	94%

Note 21 (Budget Information & Other Disclosures) provides explanations on material utilization differences.

The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget execution statement is prepared on a cash basis of accounting.

The significant accounting policies and notes to the Annual Report and Financial Statements on page 6 to 23 form an integral part of these Financial Statements.

19. SIGNIFICANT ACCOUNTING POLICIES

1. General Information

The Independent Electoral and Boundaries Commission is established under Article 88 (1) and incorporated as a body corporate under Article 253 of the Constitution of Kenya, 2010.

The Commission derives its mandate from Article 88 (4) of the Constitution of Kenya, 2010 to conduct or supervise referenda and elections to any elective body or office established by the Constitution, and any other elections as prescribed by an Act of Parliament.

2. Statement of compliance and basis of preparation – IPSAS 1

The Commission's financial statements have been prepared in accordance with and comply with the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Commission and all values are rounded to the nearest thousand (Kshs 000) which may in some cases make the added decimal balances to vary. The accounting policies have been consistently applied in all the years presented.

The financial statements have been prepared on the basis of historical cost, unless where stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3. Summary of Significant Accounting Policies:

a) Revenue Recognition - Revenue from Non-Exchange Transactions (Fees, Charges and Fines) – IPSAS 23

The Commission recognizes revenues from nomination fees and fines when the event occurs, and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that future economic benefits or service potential associated with the asset will flow to the Commission and the fair value of the asset can be measured reliably.

b) Transfers from Other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Commission and can be measured reliably.

c) Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Budget Information – IPSAS 24

The annual budget is prepared and presented in a single statement to determine the needs of the Commission. The Commission has adopted the standard which requires budget information to be presented in the financial statements.

e) Taxes – IAS 12

Income tax

Income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Commission operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of Financial Performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

f) Property, Plant and Equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The depreciation rates are 30% for Computers, 25% for motor vehicles, 12.5% for office equipment, 12.5% for furniture and fittings and 2.5% on buildings on reducing balance basis.

g) Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

The amortization rate for intangible assets of the Commission is 30% on reducing balance basis.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and Development costs

The Commission expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Commission can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Provisions – IPSAS 19

Provisions are recognized when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Commission expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

j) Contingent Liabilities

The Commission does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent Assets

The Commission does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Commission in the notes to the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential

will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Nature and Purpose of Reserves

The Commission creates and maintains reserves in terms of specific requirements. Commission to state the reserves maintained and appropriate policies adopted.

m) Changes in Accounting Policies and Estimates – IPSAS 3

The Commission recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

n) Employee Benefits – IPSAS 25

Retirement Benefit plans

The Commission provides retirement benefits for its full-time employees. It operates a defined contribution plan which is a post-employment benefit plan under which the Commission pays fixed contributions into a separate Commission (fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Scheme is administered by ICEA Lions Asset Management Ltd.

Gratuity for Commission staff on long term contracts is accrued and budgeted in the Commission's financial statements.

o) Foreign Currency Transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

p) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

r) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

The preparation of the Commission's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Commission based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Commission.

Such changes are reflected in the assumptions when they occur (IPSAS 1.140).

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Commission.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in the note on provision for gratuity.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are where applicable, discounted to present value where the effect is material.

s) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. In the case of the Commission, inventory are election materials which are available for use in the subsequent elections.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Commission.

4. Adoption of New and Revised Standards

i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Commission's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Commission's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Not Applicable to IEBC.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Commission provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Commission. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Commission's financial performance, financial position and cash flows.

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii) *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Commission.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. Not Applicable to IEBC.</p>

20. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from Other Governments

Description	2022/2023	2021/2022
	Unaudited	Audited
Unconditional Grant	Kshs. 000	Kshs. 000
Operational Grant	19,000,098	19,530,010
Development Grant	-	111,635
Total	19,000,098	19,641,645

2. Other Incomes

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Candidate Registration Fees.	973	122,097
Proceeds from Disposal of Boarded items, Voter Registers & Maps.	7,181	18,167
Costs Awarded in favour of the Commission.	-	3,200
Interest Income from Deposits.	168	-
Total	8,322	143,464

The Commission received Appropriation in Aid (AiA) amounting to Kshs. 8,321,956 from sale of boundary maps, disposal of boarded items, candidate registration fees, interest on deposits and sale of voter registers to various political parties and aspirants.

3. Use of Goods and Services

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Utilities, Supplies & Services	10,810	13,155
Communications, Supplies & Services	472,166	420,111
Printing & Advertising	321,519	473,427
Rentals of Produced Assets	4,538,844	1,648,267
Training Expenses	1,424,670	334,340
Hospitality Supplies & Services	2,073,308	672,319
Insurance Costs	296,441	255,858
Specialized Materials & Supplies	321,463	3,388,061
Office & General Supplies & Services	65,477	58,673
Fuel, Oil & Lubricants	87,878	53,939
Bank Services, Commission & Charges	1,141	508
Contracted Guards	26,499	10,812
Membership Fees, Dues & Subscriptions	1,615	2,933
Legal Dues, Arbitration & Compensation	2,348,660	136,350
Contracted Professional services	3,202	86,873
Contracted Technical services	90,288	339,550
Witness Expenses	179,280	-
Parking Charges	7,266	7,266
Total	12,270,528	7,902,443

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Employee Costs

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Salaries & Wages - Permanent Employees	1,317,956	1,281,323
Salaries & Wages - Contractual Employees	5,685,103	1,564,446
Personal Allowances -Payroll	1,312,798	1,143,619
Contributions to Pensions & Health Schemes	165,760	124,114
Domestic Travel & Subsistence	674,965	1,490,713
Foreign Travel & Subsistence	60,604	281,678
Gratuity Expense	11,421	15,274
Total	9,228,608	5,901,167

5. Commissioners Expense

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Travelling & Accommodation Expenses	6,949	24,823
Communication Expense	630	1,847
Club Membership Subscription.	210	2,062
Total	7,789	28,732

The IEBC Commissioners are paid facilitative allowances and mobile airtime as per the Salaries and Remuneration Committee prescribed rates. IEBC Commissioners draw their salaries from the Consolidated Fund administered by the National Treasury.

6. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Depreciation on Property, Plant & Equipment	756,255	1,012,095
Amortization on Intangible Assets	345,798	493,997
Total	1,102,053	1,506,092

The depreciation rates are 30% for Computers, 25% for motor vehicles, 12.5% for office equipment, 12.5% for furniture and fittings and 2.5% on buildings on reducing balance basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Repairs & Maintenance Expenditure

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Routine Maintenance of Vehicles	34,767	39,249
Routine Maintenance of Other Assets	402,557	424,279
Total	437,323	463,528

8. Disposal of Boarded Items and Assets

(a) Disposal of Computer related equipments:

During the period under review, the Commission disposed computer related equipment.

The disposal account summary is as shown below:

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Proceeds from Sale of Asset	340	-
Acc. Depreciation	878	-
Less: Asset cost	(1,528)	-
Loss on Disposal	(310)	-

(b) Disclosure on Motor Vehicles Disposed (Prior Year Adjustment):

A prior year adjustment has been effected in the 2022/2023FY Statement of Changes in Net Assets to recognize the disposal of the two (2) IIEC acquired motor vehicles.

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Proceeds from Sale of Asset	2,000	-
Acc. Depreciation	8,046	-
Less: Asset cost	(8,272)	-
Gain on Disposal	1,774	-

The Commission concluded the disposal and handing over process of two (2) motor vehicles acquired in 2010/2011 and 2012/2013 financial years.

The historical cost of the two Land Rover vehicles was Kshs. 3,382,000 (disposed at Kshs.800,000) and Kshs. 4,890,000 (disposed at Kshs. 1,200,000) whereas the Net Book Values at the time of disposal was Kshs.46,811 and Kshs.179,570 respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Current Account	101,485	587,768
Savings Account	-	-
On Call Deposits	25,705	10,000
Fixed Deposits Accounts	-	-
Total Cash and Cash Equivalents	127,190	597,768

As at the end of the financial year, the Commission had cash and cash equivalents amounting Kshs. 127,190,373. The detailed analysis of the cash and cash equivalents have been disclosed in appendix V (page 33) of this Annual Report and Financial Statements.

10. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Outstanding Imprests	599	5,250
Salary Advances	45	167
Prepayments	8,485	10,000
Court Awarded Costs	5,396	5,396
Total	14,525	20,812

11. Inventory

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Balance at the beginning of the year	907,560	-
Acquired Inventory in the Period	88,164	907,560
Inventory utilized in the Period	-	-
Total	995,724	907,560

As at the end of period under review, the Commission had unutilized stock in its warehouses and offices across the country valued at Kshs. 995,724,227.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ECK Accounts Receivable

The uncleared old balances of Kshs 11,160,000 consists of Electoral Commission of Kenya staff salary advances and imprests that were outstanding at the time the defunct Electoral Commission of Kenya was disbanded in 2008.

The Commission requested the Permanent Secretary to the National Treasury to refund the car loan recoveries and imprests/advances or authorize the Commission to write off the same from the books of accounts as per Section 69 (1)-(4) of the PFMA, 2012 and the PFMA 2012, Regulations. The Commission is yet to receive any feedback.

13. ECK Car Loan Accounts Receivable

The former Ministry of Justice, National Cohesion & Constitutional Affairs recovered Kshs. 26,193,965.00 on account of car loan recoveries, Kshs. 11,160,000 on account of imprests/advances from the Commissioners and Staff of the defunct Electoral Commission of Kenya (ECK) and forwarded to the National Treasury after the disbandment of the ECK.

The Commission requested the Permanent Secretary to the National Treasury to refund the car loan recoveries and imprests/advances or authorize the Commission to write off the same from the books of accounts as per Section 69 (1)-(4) of the PFMA, 2012 and the PFMA 2012, Regulations. The Commission is yet to receive any feedback.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Property, Plant and Equipment Movement Schedule

	Office Buildings	Computers & Equipment	Motor Vehicles	Office Equipment	Furniture and Fittings	Capital Work In Progress	Totals
	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000	Kshs. '000
Cost:							
As at 1st July 2022	203,686	16,195,480	735,637	710,487	117,150	122,177	18,084,617
Prior Year Adjustment	-	-	(8,272)	-	-	-	(8,272)
Additions in the Period	-	59,526	55,750	1,439	7,183	-	123,899
Buildings Commissioned for Use	63,650	-	-	-	-	(63,650)	-
Disposals in the Year	-	(1,528)	-	-	-	-	(1,528)
As at 30th June 2023	267,336	16,253,479	783,115	711,926	124,334	58,527	18,198,716
Acc. Depreciation							
As at 1st July 2022	(26,668)	(14,040,247)	(679,190)	(301,132)	(71,025)	-	(15,118,262)
Prior Year Adjustment	-	-	8,046	-	-	-	8,046
Acc. Dep. on Disposals	-	878	-	-	-	-	878
Charge for the Year	(6,017)	(664,233)	(27,993)	(51,349)	(6,664)	-	(756,255)
As at 30th June 2023	(32,685)	(14,703,602)	(699,137)	(352,481)	(77,688)	-	(15,865,593)
Net Carrying Amount:							
As at 30th June 2023	234,651	1,549,876	83,978	359,445	46,645	58,527	2,333,123
As at 30th June 2022	177,018	2,155,233	56,447	409,355	46,125	122,177	2,966,356

During the year under review, the Commission put into use two (2) office buildings (i.e. IEBC Kakamega and IEBC Garissa county office blocks and warehouses) that had been completed valued at Kshs. 63,650,000.

No depreciation has been charged on buildings that were still under construction as at 30th June, 2023.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Intangible Assets Movement Schedule

	2022/2023	2021/2022
	Kshs. '000	Kshs. '000
Cost:		
As at 1st July	1,712,143	66,871
Additions	-	1,645,272
As at 30th June 2023	1,712,143	1,712,143
Amortization:		
As at 1st July	(559,482)	(65,485)
Charge for the Year	(345,798)	(493,997)
As at 30th June 2023	(905,281)	(559,482)
Net Carrying Amount	806,862	1,152,660

The intangible assets consist of elections voter identification, transmission and candidate registration systems, exchange server systems, scanner software, antivirus and firewall software, research software, accounting software and Security Access Control Systems.

16. Trade and Other Payables

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Balance at the beginning of the year	2,051,567	2,299,626
Additions in the Year	3,423,023	181,552
Paid bills in the Year	(617,149)	(429,611)
Total	4,857,441	2,051,567

During the period under review, the Commission settled pending bills amounting Kshs.617,148,545. However, as at the end of the financial year, the Commission had outstanding bills amounting Kshs. 4,857,441,244 and relates to August, 9th 2022 General Elections.

Some of these bills were not funded in the 2022/2023 financial year and the Commission will engage the National Treasury for budgetary allocation and exchequer funding in the 2023/2024 financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Provision for Gratuity

The Commission operates an unfunded gratuity scheme for its contracted senior employees. The estimated amount for gratuities payable as at the end of the period is as shown below:

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Balance at the beginning of the year	31,604	19,330
Gratuity settled in the Period	(10,536)	(3,000)
Accrued Gratuities in the year	11,421	15,274
Total	32,489	31,604

Gratuity for Commission staff on long-term contracts is accrued and budgeted in the Commission's financial statements as when they fall due.

18. Refundable Deposits

During the period under review, the Commission transferred long-standing deposit balances that had remained in the Deposit Account for more than five (5) years to the National Treasury's Consolidated Fund Account.

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Balance at the beginning of the year	53,392	43,909
Retention Fees & Other Deposits Withheld	1,439	9,483
Unclaimed Deposits Transferred to National Treasury	(33,463)	-
Retention Fees & Deposits Paid	(8,023)	-
Total	13,345	53,392

The retentions and deposits withheld includes monies retained by the Commission from construction companies who were yet to complete the construction works and other refundable deposits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Related Party Transactions

Entities and other parties related to the Commission include those parties who have abilities to exercise control or exercise significant influence over its operating and financial decisions.

The Government of Kenya is the principal financier to the Commission's activities by way of exchequer releases. During the period under review, the Commission had transactions detailed with related parties as follows:

Description	2022/2023	2021/2022
	Unaudited	Audited
	Kshs. 000	Kshs. 000
Salary Advances issued to staff at Zero Interest Rate	180	167
Transfers to Mortgage & Car Loan Scheme (HFC)	15,000	-
Transfers to Mortgage & Car Loan Scheme (KCB)	58,362	-
Unclaimed Deposits returned to N.Treasury	33,463	-
Unspent Balances returned to N.Treasury	22,667	39,602
Total	129,671	39,769

20. Budget Information & Other Disclosures

The Commission was allocated Kshs. 21,686,840,000.00 for the Recurrent Vote but due to budget cuts and supplementary adjustments in the year under review, amounting Kshs. 1,048,136,799.00 the budget was reduced to Kshs.20, 638,703,201.

The Commission's budget execution statement was prepared on a cash basis and informed by the actual Exchequer received and expenditure as reflected in the IFMIS. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were adjusted from the cash basis to the accrual basis.

The material variances in the budget execution statement is mainly attributed to the National Treasury budget cuts during the year under review, which affected the payment of some non-election related expenditures, including transport and logistics services.

The material variances in the budget execution statement can be explained as follows:

a) AIA Collections

The amounts of appropriation-in-aid (AIA) receivable is largely dependent on the number of candidates seeking elective posts and number of elections held in a period.

b) Acquisitions of Fixed Capital Assets -0%.

There were no acquisitions of fixed capital assets for delimitation of boundaries programme.

c) Routine Maintenance - 0%.

There were no routine maintenance related expenditure for delimitation of boundaries programme.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Contingent Assets

IPSAS 19 prescribes the accounting treatment for provisions, contingent liabilities and contingent assets and defines their identification and recognition.

During the previous financial years, the Commission was awarded costs amounting to Kshs.403 Million for both taxed costs and capped costs. However, collection of capped costs requires taxation before determination of actual amount collectable. Further, indigent litigants acting as surrogates for politicians out to cushion themselves against award of costs filed some petitions.

22. Contingent Liabilities

IPSAS 19 prescribes the accounting treatment for provisions, contingent liabilities and contingent assets and defines their identification and recognition.

The Commission has been sued in some cases for failure to pay various general election pending bills and labour related cases. The Commission is also a defendant or co-defendant in various election petition litigations and claims. The outcomes of these litigations and claims are yet to be determined.

We draw our attention to the users of financial statements that during the 2021/2022 financial year, the Commission entered into two international framework contracts which are payable in convertible foreign currencies for the supply and delivery of ballot papers and election technology equipments. Due to significant depreciation of Kenya Shilling against major foreign currencies, the Commission may incur additional liabilities as a result of changes in foreign exchange rates. The international suppliers bill the Commission in Euros and US Dollars whereas the Commission's functional currency is the Kenya Shillings. The suppliers have made claims on the forex differences even though the claims remained disputed as at end of the financial year. The outcomes of these foreign exchange demand had not crystallized as at the date of the financial position.

23. Employee Benefits: Defined Contribution Scheme

IPSAS 25 prescribes the accounting and disclosure requirements for employee benefits and establishes the matching principle that the cost of the employee benefits should be recognized in the period in which the employee provides the services to the Commission and not when they are paid or become payable.

The Commission runs a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the Commission as the employer at 15% and employees at 7.5% of basic salary. The scheme is currently managed by ICEA Lion Asset Management.

The Commission's contributions to the above scheme are charged to the income and expenditure account in the period to which they relate. The main purpose of the scheme is the provision of retirement benefits for members upon retirement from the founder's service and relief for the dependants of deceased members.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The fund financial position as at 30th June, 2023 and performance for the previous financial year is as summarized below:

Changes in Net Assets Available	2022/2023	2021/2022
	Unaudited	Audited
Description	Kshs. 000	Kshs. 000
Net Assets available for Benefits at the Start of Year	3,407,089	3,216,487
Income from dealings with Members	287,287	275,420
Benefits Payable to Seceding Members	(119,856)	(81,462)
Net Returns on Investments	281,654	8,571
Administrative Expenses	(16,688)	(11,926)
Net Assets as at the End of Year	3,839,486	3,407,090

24. Disclosure on Grants and Donor Support

In the 2022/2023 financial year, the Commission did not receive support from International Foundation for Electoral Systems (IFES) and Electoral Law and Governance Institute of Africa (ELGIA). During the previous financial year, the Commission received support from International Foundation for Electoral Systems (IFES) and Electoral Law and Governance Institute of Africa (ELGIA) through Direct Implementation Method as shown below;

Description	2022/2023	2021/2022
	Unaudited	Audited
Electoral Support Services in Kind	Kshs. 000	Kshs. 000
Electoral Law & Governance Institute of Africa (ELGIA)	-	12,242
International Foundation for Electoral Systems (IFES)	-	300,958
Total	-	313,201

25. Number of Employees

The average number of permanent and pensionable employees for the Commission as at 30th June 2023 and 30th June, 2022 stood at eight hundred and eighty seven (887) and eight hundred and ninety four (894) respectively.

Gender distribution is 36% female and 64% male, while the ethnic representation within the Commission is forty-three (43) ethnic tribes out the forty-six (46) existing ethnic communities. The Commission however engages contractual staff on a need basis.

26. Commission Tax Status

The Commission is a government agency, fully funded by the government and is therefore tax exempt. The Commission pays taxes as per the regulations.

27. Subsequent Events

The Commission is not aware of any matter or circumstances arising after the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position and the results of its operations as laid out in these financial statements.

21. ANNEXURES TO THE FINANCIAL STATEMENTS

Appendix I: Implementation Status of Auditor General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

REFERENCE NO. ON EXTERNAL AUDIT REPORT	ISSUE / OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE.	STATUS	TIME FRAME
1884. Long Outstanding Receivables	The accounts receivables, of Kshs 37,353,000 which relates to impress and salary advances held by staff and outstanding car loans to Commissioners of the defunct Electoral Commission of Kenya have been outstanding for more than fifteen (15) years. The recoverability of the long outstanding accounts receivables could not be ascertained as at 30 June, 2022.	The Commission is engaging the National Treasury and other relevant government departments with a view of getting the money refunded to the Commission or obtaining an approval to write it off from the Commission books of accounts.	DF	Unresolved	2022-2023FY
1884. Long Outstanding Receivables	The Commissions held significant quantities valued of strategic and non-strategic election materials valued at Kshs. 907,560,000 in various stores in its national, county and constituencies offices. The disclosed amount in the financial statements did not include items of undetermined values inherited from the defunct Electoral Commission of Kenya and some purchased by the Independent Electoral and Boundaries Commission which have not been valued. In addition, there was no stock taking carried out to determine the value of stocks held as at 30 June, 2022. In the circumstances, the accuracy and completeness of inventories balance of Kshs.907,560,000 could not be confirmed.	The Commission has developed an Asset and Inventory Management system. The process of populating and updating the inventory into the system is ongoing and will culminate in determination of quantities and values for inclusion into the subsequent financial statements. The Commission currently undertakes annual stock taking to ascertain quantities and the values to be included in the subsequent financial statements.	DSCM	Not resolved	2022-2023FY

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

REFERENCE NO. ON EXTERNAL AUDIT REPORT	ISSUE / OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE.	STATUS	TIME FRAME
1886.1 Untitled Land and Buildings	<p>The balance excludes the cost of fifty-six (56) parcels of land on which the Commission's office blocks have been constructed in the counties.</p> <p>Further, the Commission had not obtained ownership documents for eighty-four (84) parcels of land allocated by the National and County Governments and whose values were not included in the financial statements. The financial statements also excludes the value of a parcel of land located in Mandera whose value has not been determined and is subject to ownership dispute between the Commission and the County Government of Mandera</p>	<p>The process of valuing all the office blocks and warehouses in the county offices and constituencies in collaboration with the State Department for Public Works.</p> <p>The Commission is also collaborating with respective government agencies to obtain Title/ownership documents / or land allotment letters where the Commission has been allocated land.</p> <p>The parcel of land located in Mandera County is not a subject of ownership dispute between the Commission and the County Government of Mandera. The county government had only indicated that they would prefer to allocate the Commission another parcel of land instead of the particular one. This is due to the very close proximity of the land to the County government offices.</p>	DHRA	Not resolved	2023-2024FY
1886.2 Unconfirmed Ownership and Valuation of Motor Vehicles.	<p>Commission had two hundred and fifty-six (256) motor vehicles, three (3) motor boats and two (2) folk lifts. However, only the cost of one hundred and fifty-nine (159) motor vehicles was included in the property, plant and equipment.</p> <p>Further, two hundred and ten (210) motor vehicles were still registered under the defunct Electoral Commission of Kenya and have not been transferred to the Independent Electoral and Boundaries Commission while eighty-five (85) motor vehicles, three (3) motor boats and one (1) folk lift were grounded with some being unserviceable and have been idle for over three (3) years.</p> <p>In addition, four (4) motor vehicles grounded in private garages in Mombasa and Meru counties have accumulated storage costs of Kshs.3,202,600.</p>	<p>The Commission has registered in the TIMS Digital Platform and managed to open the TIMS account to enable the registration of vehicles. The commission is also engaging NTSA to facilitate the registration of the vehicles.</p> <p>The Commission will continue with the disposal of grounded, obsolete and unserviceable vehicles to minimize the cost of maintenance. The Commission is also undertaking cost benefit analysis to determine whether to dispose or repair the vehicles.</p>	DHRA	Not resolved	2023-2024FY

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

REFERENCE NO. ON EXTERNAL AUDIT REPORT	ISSUE / OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE.	STATUS	TIME FRAME
1887. Pending Bills	The Commission had pending bills totaling Kshs. 2,051,567,000 were not settled during the financial year 2021/2022. The Commission risks legal actions since the debt has been outstanding for the past ten (10) years. Failure to settle bills during the year in which they relate to adversely affects the provisions of the subsequent year to which they have to be charged.	The pending bills were accrued due to lack of exchequer for payments, which had been planned for and processed up to the Internet Banking level. Some were due to election petitions which were not anticipated and were beyond the control of the Commission. The Commission is engaging with the relevant government departments to secure funding for settlement of the pending bills.	DF/CEO	Not resolved	
1888. Failure to Carry out County Accounting Functions in IFMIS	The county offices were not linked to IFMIS even though internet infrastructure required for use of IFMIS existed in the county offices. Further, the AIE disbursements were made through IFMIS but the expenditure at the County offices was done manually. As a result of County budgeting, expenditure management and control, accounting and reporting functions were manual and implemented outside IFMIS contrary to Chapter 3.0 of the Commission's Finance and Accounts Policies and Procedures Manual.	Use of IFMIS requires at least seven (7) users for effective segregation and system controls for both accounting and payment processes and at least six for procurement processes. The county offices only have an establishment of 3 relevant officers for both payment approvals and procurement. The Commission has initiated the process of installing and operationalization of IFMIS in the county offices.	DF/DHRA	Unresolved	2023-2024FY
1889. Failure to Use E-Procurement System	Expenditure totaling Kshs. 856,993,800 was incurred at the County offices for budget items that involved procurement. The procurement was implemented outside e-Procurement system and manual returns sent to the Head office for further processing. This was contrary to Regulation 54 of the Public Procurement and Asset Disposal Regulations, 2020 which require procuring entities to use the e-Procurement system.	Use of IFMIS requires at least seven users for effective segregation and system controls for both accounting and payment processes and at least six for procurement processes. The county offices only have an establishment of 3 relevant officers for both payment approvals and procurement. The Commission has initiated the process of installing and operationalization of IFMIS in the county offices.	DSCM/CEO	Unresolved	2023-2024FY

INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2023

REFERENCE NO. ON EXTERNAL AUDIT REPORT	ISSUE / OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE.	STATUS	TIME FRAME
1890. Outstanding Court Awards	The financial statements, includes an amount of Kshs. 5,396,000 described as Court awarded costs which relates to Appropriations-In-Aid (AIA) receivables from court cases decided in the year 2013 and for which costs had been awarded to the Commission. However, Management did not demonstrate the measures taken to collect the amounts awarded or collect the revenue due as required under Regulation 64 (1) of the Public Finance Management (National Government) Regulations, 2015.	The Commission has put in place mechanisms to recover costs awarded in its favor from the various petitioners as follows: - Filing bills of costs against persons adjudged by the Court to be liable to pay costs. Instructions to Law Firms: The Commission contracted and expressly collect the taxed amounts and frequent Reminders:	DLS	Unresolved	2023-2024FY
1891. Status of Construction of the County Warehouses	Field inspection carried out in the counties revealed that all the Commission's warehouse construction projects lagged behind	The delays in completion of the warehouses were occasioned by budgetary constraints and delay in the release of the exchequer. Further, the budgetary allocations were spread across two financial years which was not envisaged during contracting. This was beyond the control of the Commission.	DHRA/CEM	Resolved	2022-2023FY
1892. Lack of Career Progression Guidelines.	Career progression guidelines as stipulated in Section 3.26.2 of the Commission's Human Resource and Administration Manual (Policies and Procedures) were not provided for audit review. In the circumstances, Management was in breach of the guidelines and the considerations that were put into account for the promotions could not be confirmed.	The Commission embarked on the development of the Commission's Career progression guidelines but could not carry out the task to completion since the existing structure was being reviewed. The Commission's organization structure has since been reviewed and approved in July 2021 and the process of developing a Career progression guidelines initiated.	DHRA	Unresolved	2022-2023FY
1893. Lack of a Comprehensive Asset Register.	As reported in the previous years, the Commission did not maintain a comprehensive asset register. This was contrary to Regulation 143(2) of the Public Finance Management (National Government) Regulations, 2015.	This state of affairs is attributed to the fact that some of the parcel of lands and buildings inherited from the defunct Electoral Commission of Kenya (ECK) had no ownership and registration documents at the time of the handover to the Independent Electoral and Boundaries Commission (IEBC). The commission has initiated the process.	DHRA	Unresolved	

REFERENCE NO. ON EXTERNAL AUDIT REPORT	ISSUE / OBSERVATION FROM AUDITOR	MANAGEMENT COMMENTS	FOCAL POINT PERSON TO RESOLVE THE ISSUE.	STATUS	TIME FRAME
1894. KIEMS Kit Status	Kiems Kits and related accessories distributed to various counties for the General Election were retrieved back to the Central warehouse but the various items and were missing	The Power bank being an accessory to the KIEMS kit and SD cards were part of the items retained by the counties due to on-going court cases/petitions and were not returned to the ICT Warehouse. SIMCARDS are non-inventory items. The value of a SIMCARD is in the preloaded data volume bundle of 50MB which expires after three months as per the contract (page 46). The plastic cards of the SIMCARD cannot be re-used and therefore have not value.	DSCM/DICT	In progress Not resolved	2022-2023FY
1895. Failure to Fill Existing Vacancies	The approved staff establishment indicated that there were two hundred and thirty-two (232) vacancies in various cadres of staff which were not filled by the time of the audit in November, 2022. Failure to fill these posts, there was lack of segregation of duties at County offices and the casual staff discharged key roles and were privy to Commission's confidential information and documentation	The Commission had initiated the process of filling the vacant positions on January 2022. However, due to competing election activities the process was temporarily halted to give way for election related activities. The process has since resumed.	DHRA	Unresolved	2022-2023 FY



CPA Marjan H. Marjan, MBS
ICPAK M/No. 2786
Commission Secretary

Appendix II: Projects Implemented by IEBC

The following Projects were implemented by the Commission and were fully funded by the Government of Kenya under the development budget.

IEBC PROJECT IMPLEMENTATION STATUS								
NO.	PROJECT NAME	PROJECT CONTRACT SUM (KSHS)	BUDGET (KSHS)	CONTRACTOR'S NAME	2020/2021FY DISBURSEMENTS (KSHS.)	2021/2022FY DISBURSEMENTS (KSHS.)	TOTAL AS AT 30.6.2022 (KSHS.)	SOURCE OF FUNDS
1.	CONSTRUCTION OF WAREHOUSE FOR IEBC ISIOLO COUNTY.	37,106,200.00	40,000,000.00	U & S CAPITAL HOLDINGS LTD.	14,436,520.00	19,489,352.00	33,925,872.00	GOK DEVELOPMENT
2.	CONSTRUCTION OF WAJIR COUNTY MULTIPURPOSE WAREHOUSE & PERIMETER WALL.	49,500,079.00	40,000,000.00	Y.S CONSTRUCTION CO. LTD	14,436,520.00	25,000,000.00	39,436,520.00	GOK DEVELOPMENT
3.	CONSTRUCTION OF IEBC KAKAMEGA COUNTY WAREHOUSE.	42,783,208.00	40,000,000.00	LIYA M. ENGINEERING CONTRACTORS LTD.	14,815,450.00	25,143,090.50	39,958,540.50	GOK DEVELOPMENT
4.	CONSTRUCTION OF WAREHOUSE FOR IEBC MACHAKOS COUNTY.	35,843,260.00	40,000,000.00	ONNIX INTERNATIONAL LTD	14,400,478.00	14,037,521.00	28,437,999.00	GOK DEVELOPMENT
5.	CONSTRUCTION OF IEBC GARISSA COUNTY MULTIPURPOSE WAREHOUSE.	40,503,511.20	40,000,000.00	FLEXOLINK LTD.	12,227,504.00	27,965,155.50	40,192,659.50	GOK DEVELOPMENT
SUB-TOTAL		205,736,258.20	200,000,000.00		70,316,472.00	111,635,119.00	181,951,591.00	

Appendix III: Transfers to Other Government Entities

ACTUAL TRANSFERS TO & RECEIPTS FROM OTHER GOVERNMENT ENTITIES							
Name of the MDA transferring funds to & from IEBC	Date as per Bank Statement	Nature: Recurrent/Development/ Others	Amount (Kshs).	Statement of Financial Performance (Kshs).	Where recorded/recognized		Total Transfers (Kshs).
					Statement of Financial Position (Deposit Balances)	Statement of Changes in Net Assets (Kshs).	
National Treasury Exchequer Dept.	25-Jul-22	Recurrent Vote (2021/2022FY IEBC Closing CBK Recurrent Balance Recovery by National Treasury).	(22,666,614.35)	-	-	(22,666,614.35)	(22,666,614.35)
National Treasury Exchequer Dept.	22-Feb-23	Unclaimed Deposit Amounts held at IEBC CBK Deposit Account.	(33,462,768.00)		(33,462,768.00)	-	(33,462,768.00)
TOTAL FUNDS TRANSFERRED TO N.TREASURY 2022/2023FY			(56,129,382.35)	-	(33,462,768.00)	(22,666,614.35)	(56,129,382.35)
National Treasury Exchequer Dept.	23-Jul-21	Recurrent Vote (2020/2021fy IEBC Closing CBK Recurrent Balance Recovery by National Treasury).	(21,965,063.95)	-	-	(21,965,063.95)	(21,965,063.95)
National Treasury Exchequer Dept.	9-Dec-21	Recurrent Vote (2020/2021fy IEBC Closing CBK Recurrent Balance Recovery by National Treasury).	(17,637,310.05)	-	-	(17,637,310.05)	(17,637,310.05)
TOTAL FUNDS TRANSFERRED TO N.TREASURY 2021/2022FY			(39,602,374.00)	-	-	(39,602,374.00)	39,602,374.00)

Appendix IV: Summary of Exchequer Funds received in 2022/2023FY

IEBC RECURRENT EXCHEQUER DETAILS 2022/2023 FY						
QUARTER	CREDIT DATE	BANK STMT REF. NO.	DESCRIPTION	IFMIS CM STATUS	AMOUNT CREDITED (KSHS)	IFMIS AR POSTING STATUS
I	1-AUG-22	FT22213H63N0	EXCHEQUER ISSUE	POSTED	219,763,322.35	RECONCILED
I	8-AUG-22	FT22220J37Y8	EXCHEQUER ISSUE	POSTED	3,000,000,000.00	RECONCILED
I	15-AUG-22	FT22227MNVMN	EXCHEQUER ISSUE	POSTED	6,762,692,662.60	RECONCILED
I	2-SEP-22	FT22245MXQFX	EXCHEQUER ISSUE	POSTED	175,577,484.00	RECONCILED
I	21-SEP-22	FT22264LIVS4	EXCHEQUER ISSUE	POSTED	167,830,211.95	RECONCILED
QUARTER 1 SUB TOTAL					10,325,863,680.90	
II	5-OCT-22	FT22278M6W05	EXCHEQUER ISSUE	POSTED	171,867,098.25	RECONCILED
II	17-OCT-22	FT22290QYH58	EXCHEQUER ISSUE	POSTED	432,067,647.35	RECONCILED
II	8-NOV-22	FT22312M3FQ1	EXCHEQUER ISSUE	POSTED	178,370,949.65	RECONCILED
II	28-NOV-22	FT22332555N3	EXCHEQUER ISSUE	POSTED	403,499,865.00	RECONCILED
II	30-NOV-22	FT2233449NMP	EXCHEQUER ISSUE	POSTED	178,018,557.80	RECONCILED
II	8-DEC-22	FT22342QP01R	EXCHEQUER ISSUE	POSTED	336,229,942.00	RECONCILED
II	22-DEC-22	FT22356PJ72K	EXCHEQUER ISSUE	POSTED	178,018,557.80	RECONCILED
QUARTER 2 SUB TOTAL					1,878,072,617.85	
III	12-JAN-23	FT230125R9YZ	EXCHEQUER ISSUE	POSTED	549,698,419.00	RECONCILED
III	30-JAN-23	FT23030ZYP63	EXCHEQUER ISSUE	POSTED	272,621,677.80	RECONCILED
III	2-MAR-23	FT23061209C3	EXCHEQUER ISSUE	POSTED	177,494,025.85	RECONCILED
QUARTER 3 SUB TOTAL					999,814,122.65	
IV	12-APR-23	FT2310222G2Y	EXCHEQUER ISSUE	POSTED	178,657,598.00	RECONCILED
IV	26-APR-23	FT23116R155G	EXCHEQUER ISSUE	POSTED	654,603,334.00	RECONCILED
IV	3-MAY-23	FT23123W05VZ	EXCHEQUER ISSUE	POSTED	242,812,812.75	RECONCILED
IV	24-MAY-23	FT23144RQXNJ	EXCHEQUER ISSUE	POSTED	75,017,997.00	RECONCILED
IV	8-JUN-23	FT231599G84H	EXCHEQUER ISSUE	POSTED	194,968,933.00	RECONCILED
IV	13-JUN-23	FT23164CNSHK	EXCHEQUER ISSUE	POSTED	1,507,870,000.00	RECONCILED
IV	21-JUN-23	FT231722DL4H	EXCHEQUER ISSUE	POSTED	248,327,749.05	RECONCILED
IV	22-JUN-23	FT23173NP9P7	EXCHEQUER ISSUE	POSTED	514,682,933.40	RECONCILED
IV	26-JUN-23	FT23177CHX9V	EXCHEQUER ISSUE	POSTED	1,056,994,475.35	RECONCILED
IV	4-JUL-23	FT23185W56PR	EXCHEQUER ISSUE	POSTED	1,122,412,037.95	RECONCILED
QUARTER 4 SUB TOTAL					5,796,347,870.50	
SUB TOTAL					19,000,098,291.90	

Appendix IV: Transfers to IEBC Mortgage & Car Loan Schemes in 2022/2023FY

INTER -ENTITY TRANSFERS			
ENTITY NAME : INDEPENDENT ELECTORAL AND BOUNDARIES COMMISSION (IEBC)			
BREAK DOWN OF TRANSFERS			
FY 2022/2023 FINANCIAL YEAR			
1.DIRECT PAYMENTS TO HOUSING FINANCE CORPORATION (HFC) -MORTGAGE FUND			
BANK STATEMENT DATE	AMOUNT (KSHS)	SWIFT REF. NO.	FY TO WHICH THE AMOUNTS RELATE
29-JUN-23	15,000,000.00	FT231804K79T	2022/2023 FINANCIAL YEAR TO HFC BANK
10-MAY-23	58,362,022.00	KCB SWIFT	2021/2022 FINANCIAL YEAR TO KCB BANK
SUB TOTAL	73,362,022.00		
FY 2020/2021 FINANCIAL YEAR			
BANK STATEMENT DATE	AMOUNT (KSHS)	SWIFT REF. NO.	FY TO WHICH THE AMOUNTS RELATE
22-OCT-20	2,443,148.50	FT20296X9CX0	2020/2021 FINANCIAL YEAR TO HFC BANK.
21-APR-21	2,443,148.50	FT21111684MR	2020/2021 FINANCIAL YEAR TO HFC BANK.
5-JUL-21	4,697,297.00	FT21186ZDK01	2020/2021 FINANCIAL YEAR TO HFC BANK.
SUB TOTAL	9,583,594.00		

Appendix V: Detailed Analysis of the Cash and Cash Equivalents

Financial Institution & Branch (a) Current Account	Account number	2022/2023	2021/2022
		30th June 2023 KShs	30th June 2022 KShs
KCB IEBC Mombasa	A/c - 1116811162	5,415,257	2,512,185
KCB IEBC Kwale	A/c - 1213387787	4,998,098	518,664
KCB IEBC Kilifi	A/c - 1116804042	10,133,271	6,356,454
KCB IEBC Tana River	A/c - 1213382645	2,755,265	2,645,345
KCB IEBC Lamu	A/c - 1213649188	1,478,847	1,806
KCB IEBC Taita Taveta	A/c - 1213372356	1,601,556	2,225,204
KCB IEBC Garissa	A/c - 1116817365	2,368,004	51,847
KCB IEBC Wajir	A/c - 1116539934	200,284	836,692
KCB IEBC Mandera	A/c - 1116539934	734,767	685,266
KCB IEBC Marsabit	A/c - 1212713311	2,991,525	2,255,169
KCB IEBC Isiolo	A/c - 1116800543	4,533,862	4,419,293
KCB IEBC Meru	A/c - 1116774127	20,709	76,381
KCB IEBC Tharaka Nithi	A/c - 1213689465	7,016	27,792
KCB IEBC Embu	A/c - 1213760690	23,147	39,087
KCB IEBC Kitui	A/c - 1213362768	15,306	5,927
KCB IEBC Machakos	A/c - 1116791366	4,944	9,552
KCB IEBC Makueni	A/c - 1213508398	4,889	4,089
KCB IEBC Nyandarua	A/c - 1213379695	4,910,929	30,627
KCB IEBC Nyeri	A/c - 1116756439	3,301,191	2,178
KCB IEBC Kirinyaga	A/c - 1213919738	372,844	3,246
KCB IEBC Murang'a	A/c - 1213929717	2,753,181	38,700
KCB IEBC Kiambu	A/c - 1116811553	169,807	32,150
KCB IEBC Turkana	A/c - 1213415977	3,660,872	1,941,255
KCB IEBC West Pokot	A/c - 1213417163	13,389	7,723
KCB IEBC Samburu	A/c - 1214135293	4,420	47,056
KCB IEBC Trans Nzoia	A/c - 1214152538	6,351	4,761
KCB IEBC Uasin Gishu	A/c - 1116791110	2,899	9,236
KCB IEBC E. Marakwet	A/c - 1213364442	64,794	3,709
KCB IEBC Nandi	A/c - 1213934052	10,643	8,120
KCB IEBC CEM Baringo	A/c - 1213382173	18,976	5,434
KCB IEBC Laikipia	A/c - 1213935350	12,875	4,148
KCB IEBC Nakuru	A/c - 1116816857	13,610	3,721
KCB IEBC Narok	A/c - 1213928338	7,652,451	359,768
KCB IEBC Kajiado	A/c - 1213407435	2,111,434	2,331
KCB IEBC Kericho	A/c - 1213840767	291,669	60,270
KCB IEBC Bomet	A/c - 1116805243	185,724	89,183
KCB IEBC Kakamega	A/c - 1116744694	2,592	13,975
KCB IEBC Vihiga	A/c - 1213361087	1,421	5,048
KCB IEBC Bungoma	A/c - 1116566443	9,208	1,063
KCB IEBC Busia	A/c - 1213393167	10,498	1,349
KCB IEBC Siaya	A/c - 1213697832	326,830	49,255
KCB IEBC Kisumu	A/c - 1116780445	165,599	53,104
KCB IEBC Homa Bay	A/c - 1214158560	323,029	167,747
KCB IEBC Migori	A/c - 1213543320	1,100,377	1,587,140
KCB IEBC Kisii	A/c - 1116811235	1,018,858	1,795,734
KCB IEBC Nyamira	A/c - 1213365708	1,157,838	504,838
KCB IEBC Nairobi	A/c - 1116817721	4,763,041	6,966
CBK IEBC Recurrent	A/c - 1000181729	134,160	22,557,135
CBK IEBC Deposit	A/c - 1000181931	13,344,517	53,391,769
CBK IEBC Development	A/c - 1000182148	-	-
KCB IEBC University Way	A/c - 1117602532	13,736,994	115,908,013
KCB IEBC US Dollar	A/c - 1211876888	135,479	114,028
KCB IEBC Salary Control	A/c - 1126334723	159,192	18,402
CO-OP IEBC Recurrent	A/c - 1141174387000	2,250,548	366,268,343
Sub -Total		101,484,987	587,768,276
(b) On-Call Deposits			
KCB IEBC Call Deposit	A/c -MM21105F5XR	20,145,945	10,000,000
KCB LC Account	TF 2217100019	-	-
CO-OP LC Account	A/c -1141174387001	5,559,441	-
Sub -Total		25,705,386	10,000,000
Grand Total		127,190,373	597,768,276



Your Vote, Your Future

IEBC

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